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NEWS SUMMARY

GENERAL

U.S. in new move on hostages

U.S. is exploring new avenues of negotiation with Iran over the fate of the 53 American hostages, President Carter said in Merced, California.

The State Department had been in touch with intermediaries that he could not name to resume contacts with Tehran.

● U.S. is to seek clarification from Moscow of the terms on which the Soviet Union is willing to enter negotiations on limiting nuclear missile forces in Europe. Back Page

Tehran rally

More than half a million people attended a rally at Tehran University in support Ayatollah Khomeini's call for a purge of the Government and an Islamic cultural revolution. Page 2

Palestine talks

Israel and Egypt will resume Palestinian autonomy talks in Cairo next Thursday despite signs of sharp differences.

Split averted

Organisation of African Unity averted a split at its Sierra Leone talks by postponing a decision on the western Sahara war.

Death probe

Secretary of Exit, the voluntary euthanasia society, was assisting police in north London investigating the death of a 60-year-old woman.

Life sentence

Antique dealer David Rundle was jailed for life at the Old Bailey for murdering his wife and cremating her body on a garden patio.

Coup plot charge

Former South Korean Presidential candidate Kim Dae-Jung was charged with attempting to overthrow the Government and faces a death sentence.

Killer disease

Man died of Legionnaire's Disease at Kingston hospital, Surrey, the fifth confirmed case of the rare pneumonia-like condition at the hospital this year.

Premier's funeral

Jordan's Premier Sharif Abdel-Hamid Sharaf, who died aged 41 of a heart attack, was buried in the Royal Tombs, Amman, with full state honours.

Heart man dies

Sydney Cash, 47, who received a new heart at Papworth hospital, Cambs., on May 6, died at the hospital after a heart attack.

Cawley triumphs

Evonne Cawley won the Wimbledon women's single title, defeating Chris Evert Lloyd 6—1, 7—6. In the men's semi-final, John McEnroe beat Jimmy Connors and meets Bjorn Borg in today's final. John Barrett, Page 13

Briefly . . .

Bomb badly damaged Catholic church buildings in Belfast.

Former Football League Secretary Alan Hardaker left £58,838 (£62,601 gross) in his will.

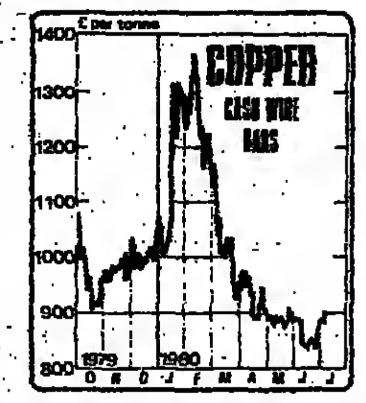
PUBLISHER'S NOTICE

We apologise to readers and distributors for inconvenience caused by the non-publication of the Financial Times yesterday due to industrial action by members of the National Union of Journalists. A summary of Thursday's company news appears on pages 17 and 18.

BUSINESS

Copper up £66 to £904 in week

● COPPER cash wire bars gained another £5.25 a tonne on the London Metal Exchange to end the week £66 up at £904 a tonne following the U.S. copper workers' strike. Page 19



● EQUITIES continued to strengthen following Thursday's cut in MLR when the FT 30-share index rose 16.5, the biggest rise for 15 months. The index gained 3.7 yesterday to 483.8. Page 24

● GILTS saw heavy investments and both medium taps were exhausted. A new tap was announced. The Government Securities index gained 0.05 to 69.97. Page 24

● STERLING closed at $2.3585, a rise of 90 points. It trade-weighted index gained 0.3 points to 74.1. DOLLAR was weaker, its index easing to 83.2 (83.3). Page 23

● GOLD rose $3 an ounce in London to $666.50. Page 23

● WALL STREET was closed for U.S. Independence Day.

● DAF TRUCKS of Holland and MAN-VW of West Germany are offering easy credit terms to boost commercial vehicle sales in the UK as British plants cut output. Back Page

● VICKERS engineering group told shareholders that Government compensation for nationalising its aircraft and shipping interests may fall short of the £36m remaining book value, but interest accruing on the amount would more than offset it.

● WEST GERMAN banking consortium, led by Dresden Bank, is expected to decide in the next two weeks whether it can grant Poland a DM 1bn (£240m) credit. Back Page

● ROYAL AIR FORCE has decided to buy Jetstream-31 aircraft from British Aerospace instead of ordering U.S. replacements for its Devon and Pembroke light aircraft. Back Page

● STOCK EXCHANGE Council is to study a confidential report on "dawn raids" by De Beers/Anglo American Corporation on Consolidated Gold Fields shares last February.

● TALBOT UK car group has increased its pay offer to 8 per cent from this month and an extra 7 per cent from April on condition the 20,000 workers agree to an 18-month deal. Page 4

COMPANIES

● WILKINSON MATCH, the razor and match group, could face a full takeover bid by U.S. shareholder Allegheny Ludlum, the special steels producer, valuing Wilkinson at £48m. Page 18; Lex, Back Page

● LENNONS GROUP, the food and drinks retailer, reports record pre-tax profits of £1.89m for the year, against £1.82m in 1978. Page 16

● GENERAL ELECTRIC Company raised taxable profits from £378m to a record £415m in the year to March 31. But on a current cost accounting basis earnings fell from £305m to £295m. Page 18

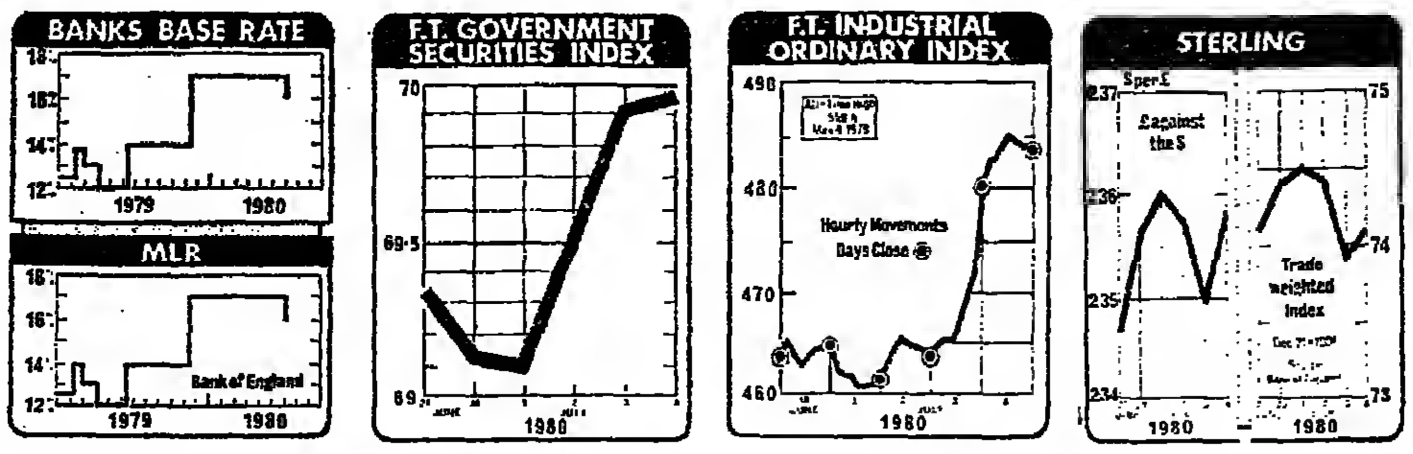
CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 10½pc '97	£85⅛	+ ⅞
Anderson S'clyde	93	+ 9
Beecham	155	+ 10
Blue Circle	358	+ 8
Bowthorpe	140	+ 10
Chubb	113	+ 7
Elliott (B.)	248	+ 10
GEC	428	+ 10
Henlys	85	+ 17
Jardine Matheson	183	+ 25
Johnson Matthey	398	+ 23
London Brick	79	+ 3
Nottingham Manf.	97	+ 5
Pearl Assurance	380	+ 10
Ropner	104	+ 6
Sun Alliance	694	+ 12
Whitbread	170	+ 10
Young's Brewery	180	+ 10
Cons. Gold Fields	560	+ 7
Magellan Petroleum	280	+ 25
Messina	220	+ 10
Monarch Petroleum	63	+ 7
Paringa Mining	66	+ 5
RTZ	465	+ 18
Tanks	352	+ 12
Whim Creek	106	+ 6

FALLS		
Treas. 15pc '85	£107½	− ½
Dunlop	77	− 3
Hay's Wharf	253	− 11
Miurhead	102	− 6
Attock	282	− 18
Candecca	206	− 40
LASMO	790	− 30
Allstate Expln.	94	− 6
Cnt. Pacific Morls.	£84½	− 2
Esperance Minerals	255	− 35
Greenvale Mining	225	− 55
Poseidon	218	− 5
Samantha Expln.	144	− 8
S. Pacific Petrol	£12½	− 1½

Welcome for moves in wake of MLR reduction



Clearing banks cut overdraft cost 1%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE COST of bank overdrafts was cut yesterday by one percentage point by all the clearing banks. In future top-quality industrial customers will pay 17 per cent and other borrowers up to 20 per cent or so.

This follows the one point reduction to 16 per cent in the Bank of England's minimum lending rate announced on Thursday.

All the banks reduced their base lending rates exactly in line with MLR. Interest rates paid on seven-day notice deposit accounts were also cut by one point, down to 14 per cent.

This reduction in interest rates has been widely welcomed by industrialists as a help to financially hard-pressed companies.

But the move has been described by bodies such as the Confederation of British Industry as only a "very modest step in the right direction," with the hope that further reductions will be made soon.

The City financial markets have given a favourable reception to the cut, with prices of both gilt-edged stocks and equities rising sharply. When dealings started yesterday two gilt-edged stocks, 12¼ per cent Exchequer 1985 and 3 per cent Treasury 1985, were immediately sold out.

Some investors took their profits after the sharp rise on Thursday. But this selling, together with the later announcement of a new tap stock, was absorbed easily by the market, and the FT Government Securities index closed fractionally up on the day.

Equities built on their sharp gains of Thursday, and the FT 30-share index rose by 3.7 to a 1980 high of 483.8 for a two-day advance of 20.2 points.

This response rests on hopes of a further cut in MLR before long. Such expectations were underlined yesterday by the drop in the Treasury bill rate at the weekly tender from 15.68 to 14.74 per cent.

It is impossible to draw an exact comparison between this rate and MLR at current interest rate levels.

But under the old market formula an MLR of 15¼ per cent would have been indicated yesterday. This was dropped in favour of an administered system two years ago.

The Government is taking a very cautious view of the possibility of further cuts in MLR in the near future. The decision to cut MLR on Thursday was officially regarded as finely balanced: the Government believes it would be premature to rush ahead with further declines. The City markets are, however, expecting a further cut within the next month or two.

The decision was partly because of early indications that the mid-June banking

Continued on Back Page
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Hope of mortgage rate cut

BY MICHAEL CASSELL

HOPES THAT further reductions in general interest rates could lead to a cut in the record 15 per cent mortgage rate were expressed yesterday by Mr. Lennart Williams, chairman of the Building Societies Association.

Commenting on the cut in Minimum Lending Rate, Mr. Williams emphasised that an early reduction in the cost of home loans was not being considered but he sounded an optimistic note about the prospects of an eventual reduction.

Mr. Williams said in Sunderland that the modest decline in the general level of interest rates would not immediately affect the building societies. They had kept interest rates below the level appropriate to a 17 per cent MLR and below those offered and charged by competing institutions.

As a result, Mr. Williams added, the inflow of funds had been hit and the societies would now want to restore a more favourable position before contemplating a change in their own rate structure.

"Much is going to depend on the way the banks and other deposit-taking institutions respond to the MLR reduction and even more is going to depend on the speed at which the Government feels it is able to reduce MLR still further.

"However, one can sound a note of optimism to existing building society borrowers and those who are contemplating raising finance for house purchase. For the signs point to a continuing reduction in the general level of interest rates as the months go by and this eventually will make possible a fall in the level of building society mortgage rates."

Miners' union to demand £100 a week minimum

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS' UNION yesterday took its first step towards challenging the Government's pay restraint policy for the public sector this autumn.

The national executive committee of the National Union of Mineworkers endorsed a demand for £100 a week basic minimum wage in the industry —a 35 per cent increase. This demand will be debated as a single resolution at the union's annual conference which opens in Eastbourne on Monday. The resolution will almost certainly be carried.

The pay demand will bring the miners into collision with the Government which has declared that it will set an example in the public sector by ensuring that wage rises are well below the prevailing level of price inflation. A limit of about 11 or 12 per cent is implied.

The likely conference claim will be treated by Right-wing leaders like Mr. Joe Gormley, NUM president, once again as a negotiable figure. However, Mr. Gormley said yesterday he did not think the National Coal Board would "get away very cheaply this year, irrespective of what people are saying about the public sector." He hoped there would be a peaceful negotiation.

Left-wingers like Mr. Arthur Scargill, the Yorkshire area president, and Mr. Michael McGahey, Scottish area president, will treat the figure as a commitment for which miners should be prepared to take industrial action.

Mr. McGahey said last night: "I think this will be the demand of the union. There is no question of it being a long-term objective. Of course if the Government starts coming in with strict cash limits the whole thing will result in conflict."

Basic rates for miners range at present from £73.65 a week on the surface to nearly £102 at the coalface. Earnings average around £120 a week, but some face-workers in high-yielding pits are earning, with incentive bonus, over £150 a week.

A much more controversial debate at the NUM conference was foreshadowed at yesterday's meeting of the NUM executive. The result could be that the union's policy on nuclear power is changed and the NUM could find itself at odds with the TUC and committed to campaign for the phasing out of nuclear power stations in Britain.

Mr. Scargill, who is challenger for the union's presidency, forced the executive to a tied vote on his area's anti-nuclear motion.

The tie was broken against Yorkshire and in favour of existing policy — controlled development of nuclear power alongside coal — by Mr. Joe Gormley.

However, the Yorkshire motion is expected to win the support of the second biggest coalfield, Nottinghamshire, and of the third largest, South Wales, when it comes to the floor of the conference.

It was opposed in committee yesterday by Mr. McGahey, who outlined the policy at last year's Trades Union Congress. He and others will urge the conference to back a Northumberland area motion merely rejecting the rapid expansion of nuclear power.

Hay's Wharf rejects Kuwaiti bid

BY MICHAEL CASSELL

A BATTLE for control of the Proprietors of Hay's Wharf, which owns more than 20 acres of potential development land on London's South Bank, began last night. The company rejected as "inadequate" a cash bid from the Kuwait Investment Office, which values the company at almost £52m.

Terms of the offer for the storage and distribution to property investment group had been awaited since Tuesday. The KIO, a Kuwaiti Government agency, which is thought to have a UK investment portfolio of at least £225m, said then it intended to bid for the 67.3 per cent of Hay's Wharf shares it did not own.

The offer will be formally made through a new company to be formed by the KIO. It consists of 240p for each ordinary share and 75p for each preference share. Ordinary shareholders will be entitled to the 2.58p interim dividend announced in May.

Details of the bid sent Hay's Wharf shares as low as 240p. They recovered on news of the rejection to finish at 253p, a fall of 11p on the day.

Barclays Merchant Bank, KIO's advisers, said the offer represented a premium of 21 per cent over the net asset value of 197p per share reflected in the accounts for the year ended September 30, 1979, and which incorporated a 1978 revaluation of properties.

Mr. Oliver Stocken of Barclays said KIO intended to develop Hay's Wharf broadly along existing lines. It wanted to allay any fears that it was intent on selling off profitable parts of the business once gaining control.

The Hay's Wharf board, which urges shareholders not to sell their shares, said KIO's offer neither reflected the underlying asset values of the group companies, nor took into acount long-term prospects for the group's trading activities. It also failed to reflect the development prospects for the South Bank land.

As the first step of its campaign to fight the Kuwaiti approach, the board said it had commissioned an up-to-date valuation of all the group's properties. This was expected to show surpluses over book values.

Petrol 'war' as Shell, Esso drop prices

BY SUE CAMERON

THE START of an all-out petrol price war was signalled yesterday with Shell and Esso both cutting their wholesale prices by 1.75p for a gallon of four star.

The wholesale petrol price cuts are expected to lower pump prices by about 2p a gallon, taking the average price down from around 135p to 133p a gallon.

The two companies, which together lead the UK petrol market with a share of around 20 per cent each, admitted that the cuts had been forced on them by fierce competition at the pumps. Both have been hit by rises in the price of their crude oil; and such increases would normally be passed on to the motorist.

Shell and Esso each take around 50 per cent of their UK crude requirements from the North Sea, and North Sea oil prices rose by $2 a barrel to $36.25 in May. Esso takes a further 45 per cent from Saudi Arabia, which also increased its prices by $2 a barrel in May. Shell takes about 40 per cent of its UK oil from Kuwait which put its reference price up by $2 a barrel earlier this week.

Last night the Motor Agents Association warned that the cuts were also likely to force thousands of independent petrol retailers out of business. Competition in the market place was too severe to allow retailers to take advantage of wholesale price reductions. The cuts would mean that many garages would be operating on a margin of less than 3p a gallon, out of which all overheads would have to be paid. The MAA pointed out that 1,815 petrol stations shut last year, and predicted that this year the figure would be well over 2,000.

It said that the other major petrol companies, such as BP, would almost certainly follow the lead set by Shell and Esso, and added that this "showed how little real competition there is between the big wholesaling companies."

Petrol prices across the country now range from around 128p a gallon to over 150p a gallon, with the highest prices usually being found on the motorways. The fiercest competition is in the North-west, the Midlands and the South-west, where independent wholesalers are taking advantage of falling spot market prices.

Esso yesterday stressed that motorists could not expect any lowering of pump prices in areas where competition was already extremely strong.

BP Selection bid at advanced stage

BY CHRISTINE MOIR

BRITISH PETROLEUM and Selection Trust, the mining finance house, spent yesterday locked in negotiations over the terms of BP's foreshadowed bid.

No announcement is expected before Monday at the earliest but both companies asked for their shares to be suspended yesterday morning because talks had reached an advanced stage.

The Stock Exchange immediately ordered the suspension of dealing in Charter Consolidated, the mining finance house which has a 25.8 per cent stake in Selection, although Charter itself argued that suspension was inappropriate because the holding was only one of its many assets.

BP is known to dislike contested takeovers in the market has been expecting Selection to prise a generous offer out of the oil company in return for recommending it.

At suspension, Selection's shares stood at £12¼, valuing the company at £390m. Since BP first announced its intention to bid the market value has risen by almost 75 per cent.

Charter Consolidated's shares have also improved as investors analysed the value of its holding in Selection. Its shares were suspended at 207p compared with 153p the day before the bid approach.

BP's offer, when it is finally unveiled, could mean the largest ever UK takeover.

In real terms, however, the £378m paid by Grand Metropolitan for Watney Mann in 1972, could still hold the record.

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OVERSEAS NEWS

Why the Russians think they have taken Schmidt for a ride

BY DAVID SATTER IN MOSCOW

MASTERS OF chess and the psychological novel, the Russians demonstrated once again this week during the visit of Herr Helmut Schmidt, the West German Chancellor, that they are more than a match for the leaders of the West.

Ever since the Soviet invasion of Afghanistan, the overriding goal of Soviet policy has been to consolidate the Soviet position in Afghanistan while defusing the atmosphere of East-West confrontation in order to ward off damaging western economic sanctions.

The official Soviet Press has indicated that Herr Schmidt deserves some of the credit for the Soviet decision to drop preconditions to talks on Euro-strategic missiles. But to the Russians the real significance of his visit was publicly in signalling that, as far as Western Europe is concerned, there is no longer a crisis over Afghanistan.

The Communist Party Newspaper Pravda, in an editorial on July 1, the day after Herr Schmidt left Moscow, made clear that the Soviet position on Afghanistan would not change. It reiterated that the Soviet Union would not consider any settlement of the Afghan crisis which fails to confirm the power of the Soviet-backed government of Mr. Babrak Karmal.

Pravda said a political settlement was possible but it depended on an end to hostile acts from "outside." Since the Soviet authorities refer to the indigenous Afghan revolt against Marxist rule as "outside interference," the Pravda editorial was a reaffirmation of the Soviet refusal to pull out of Afghanistan before all opposition is crushed.

There has been almost no direct Soviet comment by officials or the Press on the Schmidt visit. But Soviet newspapers have quoted foreign comment to the effect that the visit had been a "powerful impulse" to detente and mutual understanding.

That the Soviets could make this assertion, albeit indirectly, immediately after having insisted that they were not going to withdraw their forces from Afghanistan and would, if necessary, increase them, is an indication of how much the Soviets feel they have gained in the wake of Herr Schmidt's visit.

Unlike their Western counterparts, the Soviet leaders have never agreed to summit meetings solely for an "exchange of views" except where they felt that the fact of the meeting itself could be taken to symbolise foreign acquiescence in a Soviet action such as the invasion of Afghanistan.

By his presence in Moscow, Herr Schmidt almost certainly diminished in Soviet eyes the credibility of Western objections to the invasion of Afghanistan. The impression of irresolution could only have been strengthened by West German readiness to sign a 25 year economic co-operation agreement with the Soviet Union during Herr Schmidt's stay.

An indication of the Soviet Union's attitude towards summit meetings can be gained from the experience of the first years in office of U.S. President Jimmy Carter. Mr. Leonid Brezhnev, the Soviet President, repeatedly refused to meet Mr. Carter after the latter began his human rights crusade. The Russians didn't want to be put in the position of seeming to endorse the campaign, in the same way that they appear to have manoeuvred both President Giscard d'Estaing and Herr Schmidt in apparently endorsing Soviet policy through their respective summits with Mr. Brezhnev.

The Soviet agreement to negotiate on limiting medium range missiles in Europe may be taken to justify Herr Schmidt's trip. But Western military observers have long been sceptical of the ostensible Soviet refusal to negotiate while a NATO decision to place U.S. missiles in Western Europe was in force.

The Soviet Union has between 150 and 200 highly accurate medium range SS-20 missiles with mutiple warheads targeted on Western Europe. It is introducing one new SS-20 every five days. The NATO decision to deploy 572 Pershing-2 and Cruise missiles, which prompted the Soviet refusal to negotiate, was intended to counter an existing Soviet force.

Radio Moscow, in its English language world service, praised Herr Schmidt for helping to break the deadlock caused by the Soviet refusal to negotiate over the Euromissiles. The Soviet decision, however, could equally have been taken without Herr Schmidt's presence. It was almost inevitable given NATO's own determination to press with matching medium range missile deployment.

The greater likelihood is that the Soviet authorities prepared a concession for Herr Schmidt which, like the limited Soviet withdrawal of men and equipment from Afghanistan, was heralded as an achievement.

The general East-West situation has not been fundamentally altered. Herr Schmidt, far from achieving genuine progress over Afghanistan may have only stiffened Soviet resistance by assuring the Soviets that despite their refusal to talk about Afghanistan, as evidenced by the way his remarks were censored and corrected in Pravda, the Soviet Union can still count on West German technology and goods.

Part of the difficulty in trips like those of Herr Schmidt to Moscow and M. Giscard's to Warsaw is that they are based on the assumption that the tension over the invasion of Afghanistan exists because the Soviets do not understand the West's position and consultation will help them understand it better. In fact, the Soviet authorities show every sign of understanding the Western position and the tenuous commitment to it at least as well as most Western leaders

Carter ponders pros and cons of car import curb

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT CARTER has received the report of a special Government task force on the domestic car industry which sharply outlines the jobs-versus-inflation consequences of curbing Japanese car imports.

The task force study, directed by Mr. Neil Goldschmidt, the Transportation Secretary, calculates that if Japanese imports (now more than 23 per cent of all new car sales) were reduced to 1979 levels — a cut of about a quarter — about 100,000 American car workers now laid off could be re-employed.

But under such a regime the average price of both domestic and foreign cars sold in the U.S. could rise by $650, a substantial inflationary burden.

According to the New York Times, which obtained a copy of the as-yet-unpublished report, the study makes no specific policy recommendations but outlines a list of the remedial options he could take to help the domestic industry, now in the throes of a major recession.

Next week, Mr. Carter is to visit Detroit to emphasise his concern about displaced car workers before going to Tokyo to attend memorial services for Mr. Ohira, the late Japanese Prime Minister.

However, he will not be accompanied on his Tokyo trip by Mr. Reubin Askew, the special trade representative. Mr. Askew is understood to believe that his presence with the President, coming on top of the visit to Detroit, might be misinterpreted as indicating that the Administration is about to put pressure on Japan to restrict its car exports.

The Carter Administration has an anti-protectionist record in trade matters and the President's own inclinations are probably to avoid import curbs.

But election-year pressures are great: If Mr. Carter is to be returned to the White House, he needs to carry such critical, big car-producing states as Michigan, Ohio, Illinois and Pennsylvania—all bearing the brunt of the present industrial recession.

Mr. Goldschmidt, who has a reputation for acute political awareness, is known to believe that some relief from imports must be obtained and the report includes options to this end.

Among these is for the Administration to launch a petition to the International Trade Commission to speed up its investigation into the complaint lodged last month for import relief by the United Automobile Workers' Union.

Under normal ITC procedure, no verdict would be handed down until towards the end of the year. The President would then have a further 60 days to pass judgment. Speeding the process could land a resolution on the President's desk within a couple of months—in ample time for Mr. Carter, if he opts for import curbs, to introduce the issue into the general election campaign.

The quickest option, the report suggests, is for the Japanese, responding to American signals, voluntarily to restrict car sales. But it notes that the Japanese car industry has embarked on a major expansion of its manufacturing facilities to serve the export market.

Half a million on the march in Tehran

Iranians back Islamic cultural revolution

BY PATRICK COCKBURN IN TEHRAN

MORE THAN half a million people attended a rally in and around Tehran University yesterday to support Ayatollah Khomeini's call for a purge of the Government and a sweeping Islamic cultural revolution. Millions more attended rallies in other Iranian cities according to the state radio.

A list of resolutions called for the suppression of the main opposition group, the progressive Muslims of the Mujahedin-e-Khalq, and of the leftist Fedayin-e-Khalq.

The rally, which revived flagging support for Khomeini's vision of a full-fledged Islamic theocracy could well be seen as a milestone in the fluctuations of the revolution over the past 16 months.

The Mujahedin, extremely popular among the young and the educated middle class, were bitterly attacked by Ayatollah Khomeini last week for allegedly using Islam to disguise their efforts to undermine the Islamic Republic.

His denunciation was echoed by Ayatollah Montazeri, a senior clergyman who called for yesterday's demonstrations. He is seen as Ayatollah Khomeini's eventual successor and is currently acting as his chief lieutenant in the drive to further Islamicise Iranian society.

The keynote of the purges and the "cultural revolution," akin to that in China in the 1960s, is the belief that one and a half years after the revolution, Government and society have changed little from what existed under the Shah.

The resolutions read out to the vast crowds yesterday called for the support of almost all revolutionary institutions, including the revolutionary courts. But no mention was made of Iranian President Bani-Sadr, whose own dwindling authority is being further eroded

Yesterday's rallies were mainly organised by the fundamentalist clergy of the Islamic Republican Party (IRP), currently the most powerful political entity in Iran, with whom the President has been engaged in a long-running struggle for power.

As part of the cultural revolution, most Ministries and Government organisation have told their women employees to wear the hejab (Islamic clothing) when they report for work today.

Reuter adds from Geneva: Dr Kurt Waldheim, the United Nations Secretary-General, said yesterday he thought progress on the release of the American hostages held in Iran would have to wait until the current power struggle there was resolved.

Italian economy deflated

By Rupert Cornwell in Rome

THE ITALIAN GOVERNMENT envisages that Wednesday night's deflationary package, which will reduce internal demand by L4,000bn (£2bn) in first stage in a medium term programme to put the economy on a sounder footing.

The elaborate series of measures, intended to generate a swift and major shift of resources from consumption to industry and investment, and fend off a devaluation of the Lira, will be built upon by a detailed policy document likely to accompany this autumn's 1981 budget proposals.

The immediate effect of the package, according to Sig. Filippo Maria Pandolfi, the Treasury Minister, will be to increase Government revenues this year by a total of L6,550bn (£3,28bn) and lift state outlays by only L3,750bn (£1.88bn).

This in turn will enable the authorities to reduce the enlarged public sector borrowing requirement, currently put at L40,750bn for 1980, to fractionally below L38,000bn.

The main source of additional revenue will be increased tax receipts, stemming from higher petrol and Value Added Tax rates and a sterner drive against tax evasion, of L3,350bn. This will be coupled with the recovery of L2,000bn of funds currently lying unused in the banking system.

Sig. Franco Reviglio, the Finance Minister, estimated that the already fruitful campaign against chronic tax evasion will yield an extra L2,500bn of both indirect and direct tax revenue in 1980.

The package provides for the extension of the unpopular mandatory tax receipt system. The major new expenditure by the state, of L1,800bn in the second half of 1980, involves a reduction in Industry's share of social security payments for employees.

More than L500bn is earmarked for the rescue of the SIR chemicals group, which operates largely in Sardinia, and additional funds will be allotted to state credit institutes and certain banks operating mainly in the depressed south. A special levy of 0.5 per cent on workers' salaries will yield L500bn this year for a "solidarity fund" to help companies and sectors in difficulty.

Sig. Pandolfi declared yesterday that despite the package, Italy could still expect growth of 4 per cent this year.

Mexico raises oil price

MEXICO, currently producing almost 2.2m barrels of oil a day, yesterday raised the price of its exports by $1 a barrel effective from July 1. Mexico is not a member of OPEC but revises its prices every three months to keep them in line with OPEC. Higher-grade crude will now cost $34.50 and heavy crude $29, Reuter reports.

Venezuela has also announced increases in its oil prices. Its light, medium and heavy crude oil is to go up by 60 cents a barrel, effective from July 1. Prices will range from $17.90 to $34.85. Venezuelan crude exports now average about 850,000 b/d.

Meanwhile, Indonesia is considering boosting its crude prices following last month's OPEC recommendation of a unified base price of $32 a barrel.

Soviet production of crude oil rose in May to a record 12.1m b/d, a 6 per cent increase from May 1979, according to the independent Swedish research firm Petrostudies.

Refinery rescuer

CREDITORS of Newfoundland's insolvent Come by Chance refinery—including the UK's Export Credits Guarantee Department—have attracted another potential rescuer. The latest offer, said to be in excess of C$600m, comes from Avalon Refining, a subsidiary of Shaheen Natural Resources which originally built the refinery, writes Sue Cameron.

Petro-Canada, the Canadian national oil company, negotiated an option to buy the mothballed, 100,000 barrels a day refinery three months ago. This offer is still on the table and next week ECGD representatives go to Canada to discuss it.

Assam clashes

THOUSANDS of demonstrators clashed with armed police and soldiers in parts of the troubled state of Assam yesterday where agitation in support of the demands for deportation of "foreigners"—mostly Bengalis—has intensified, K. K. Sharma reports from New Delhi.

All official and economic activity in the state came to a halt when students leading the action began a three-day general strike. Air and rail traffic was also stopped.

In Paris yesterday major Western countries and aid agencies pledged about $3.45bn (£1.45bn) in aid to India.

Naval base demand

THE Organisation of African Unity ended its 17th summit meeting yesterday with a surprise demand for the return to Mauritius of the British-owned American naval base of Diego Garcia in the Indian Ocean, AP reports from Freetown, Sierra Leone.

In a unanimous resolution the OAU endorsed the claim to the strategically-important island by Mauritius premier Sir Seewosagur Ramgoolam and described military activity there as "a threat to Africa."

Sedition charge

FORMER presidential candidate Kim Dae-Jung has been charged with attempting to overthrow the South Korean Government and faces a possible death sentence, Reuter reports from Seoul. Mr. Kim, 54, a dissident and a veteran politician, has been charged with sedition following allegations that he tried to foment a popular uprising spearheaded by students to gain power by force.

German jobless rise

THE NUMBER of unemployed in West Germany rose in June to 781,400, an increase of 1.9 per cent on the May figure and of 2.4 per cent on June last year, Jonathan Carr writes from Bonn.

Helicopter deal

CHINA has agreed to buy 50 Dauphin-2 helicopters worth an estimated $100m with spare parts, according to the French state-owned company Société Nationale Industrielle Aérospatiale. China will also build the Dauphin-2 under licence, Reuter reports from Paris.

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Europe warns of threat to world trade balance

BY GILES MERRITT IN BRUSSELS

THE European Commission has warned both Japan and the U.S. that it would take a very serious view of moves by either to disturb the present delicate balance in international trade in motor vehicles.

The Commission has made it plain to Japan that any increase in output by its motor industry could have serious implications and strongly reminded the U.S. Government that any curbs on Japanese car imports into the U.S. could deflect them on to EEC markets.

The EEC move coincides with a demand by Europe's leading motor manufacturers grouped in the Committee of Common Market Automobile Constructors (CCMC) for a special Commission investigation into Japanese vehicle sales in the Community which are estimated to have increased 23 per cent in the first five months of this year compared with the same period of last year.

Trades unions are understood to be planning a similar demand to the European Metal Workers' Federation.

Reuter reports from Tokyo: Government officials said yesterday that the Japanese motor industry is opposed to any orderly marketing agreement with the U.S. on its car exports and that Mr. Takashi Ishihara, president of the Japan Automobile Manufacturers' Association and head of Nissan Motors, the country's second largest car-maker, had urged acting Prime Minister Masayoshi to avoid such a restrictive pact.

According to the officials, Mr. Ishihara said at a meeting with Mr. Masayoshi that Japanese car manufacturers had been striving to keep their exports orderly but faced difficulties with anti-trust laws.

New York strike averted

By David Lascelles in New York

NEW YORK has narrowly averted a strike by its 42,000 policemen, firemen, prison warders and other uniformed employees by improving its pay offer. But the terms of the settlement, plus those of a contract negotiated with 215,000 civilian employees last month have probably scuppered the city's slim chance of getting back on its feet financially by the deadline at the end of next year. This means it may have to ask Washington again for help which would not go down well in election year.

Under the terms worked out in a hotel bedroom on Thursday, the city increased its 8 per cent a year offer over two years to 9 per cent in the first year, and 8 per cent in the second. This means the uniformed employees got slightly more than the 8 per cent a year given to the civilians.

Mayor Ed Koch, who has been battling to balance the city's budget, hailed the settlement as one "without acrimony," but Mr. Felix Rohatyn, chairman of the Municipal Assistance Corporation (MAC), whose job is to nurse the city back to financial health, said that it would leave New York "in dire straits."

Under the terms of the 1978 $4.5bn rescue package put together by Congress, New York was supposed to get its finances in order within four years by drastically paring its outlays, raising taxes, and balancing its budget. Meanwhile, it would be financed by $750m of federal loan guarantees, $950m of its own borrowings, and $2.8bn of money raised by MAC, backed by state aid and city sales tax revenues.

By dint of much unpopular manoeuvring, Mayor Koch managed to put together the city's first balanced budget in recent memory for fiscal 1981, which began this month. But though City Hall hailed this as a triumph, the figures were treated with a lot of scepticism elsewhere.

Mr. Koch and his advisers have until September 30 to come up with their 1982 proposals. However, it is considered highly unlikely that New York will be able to bridge a deficit of those proportions without recourse to more outside aid. Clearly, New York's hopes of returning to the bond market on its own account in 1983 have dimmed, possibly to the point of extinction.

Fed dismantling credit package

BY STEWART FLEMING IN NEW YORK

THE Federal Reserve Board is beginning to phase out the remaining credit controls imposed on March 14 in a determined effort to begin to break the inflationary psychology threatening to grip the U.S.

The package, one of the boldest credit policy initiatives by the U.S. central bank the financial markets have experienced, contributed to a rise in U.S. interest rates to record levels and helped drive the economy towards recession.

On May 22, amidst evidence that the credit restraint package was having a bigger impact on economic activity than expected, the Fed began to ease some of the measures

Yesterday the Fed announced that "recent evidence indicates that the need for those extraordinary measures (the credit controls) has ended." But it emphasised its "general goals of achieving restrained growth in money and credit aggregates," a comment clearly aimed at reassuring foreign exchange markets about the central bank's continuing commitment to fighting inflation.

The Fed said that the voluntary 6 to 9 per cent limit on loan growth at banks and finance companies will be phased out after large banks have reported their June 30 data.

But the Fed added that certain members remain concerned about credit extended for speculation and the central bank is considering the need for additional means of monitoring such developments in futures.

The remaining controls are to be phased out over several months. On Thursday of next week the remaining 5 per cent marginal reserve requirement on commercial banks' managed liabilities (funds bought in the money markets) will be eliminated and at the same time the supplementary 2 per cent reserve requirement on large time deposits will be removed.

The Fed also plans to remove the remaining 7.5 per cent reserve on growth in consumer credit.

The special deposit requirement for increases in assets of money market mutual funds will also be lifted from July 28.

Third World call for replacement of IMF

BY OUR OWN CORRESPONDENT

THE International Monetary Fund has lost its legitimacy and must be replaced by a new world monetary body. This was the conclusion of delegates from 24 countries, mainly in the Third World, who held a four-day discussion on the Fund at the town of Arusha, Tanzania.

The delegates also called for the issue of a new currency unit which would be backed by commodities and for the United Nations to organise a special conference on money and finance.

The conference, which was non-governmental and organised mainly by the Swedish-based Dag Hammarskjold Foundation, proposed "the establishment of a universal and democratically controlled international monetary authority in order to set up an equitable international monetary system."

Originally the conference had been expected to co-ordinate the demands which the developing countries would present at the annual meeting of the IMF in Washington this autumn. However, delegates concluded that they stood little chance of gaining greater influence in the body — hence the call for its replacement.

The fund has come under increasing Third World criticism recently. Tanzania, the host country for the conference, has been engaged in a heated row with it. President Julius Nyerere has described as "strange and repugnant" the conditions which the IMF has been setting.

The conference criticised the role played by the dollar and floated the idea of an oil consumption tax to be paid by the industrialised world to finance aid to the developing countries.

Pretoria warns Mugabe on guerrilla bases

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA will "immediately" destroy any guerrilla bases which it finds in Zimbabwe, a senior Cabinet Minister warned last night. Mr. Fanie Botha, the Minister of Manpower, said that a personal message containing this warning has been sent to Zimbabwe's Prime Minister, Mr. Robert Mugabe.

Earlier this week, Mr. Mugabe further departed from his initial, cautious approach to relations with South Africa and called on the Organisation of African Unity to step up material assistance to black nationalist movements fighting the Pretoria Government.

He also told the OAU summit in Freetown, Sierra Leone, that 5,000 Zimbabweans were undergoing military training in South Africa, for use in Namibia and Angola.

Mr. Botha said South Africa could not afford another conflict like that on the border between Namibia and Angola. He was speaking in the northern Transvaal town of Louis Trichardt, an area where the growing threat of guerrilla incursions from Zimbabwe, Botswana and Mozambique has led to many farmers selling or abandoning their farms and moving to other areas.

The authorities have taken a number of steps to slow the depopulation of border areas, and Mr. Botha said that white immigrants from Zimbabwe were being encouraged to participate in the Government's border resettlement scheme.

The Electricity Supply Commission (ESCOM) announced recently that the electrification programme in the northern Transvaal is to be accelerated.

Meanwhile, the managing director of the Corporation for Economic Development (CED), the parastatal body which oversees investment in South Africa's black "homelands," has conceded that the Government's efforts to encourage private companies to establish businesses in these areas have failed.

Dr. J. J. Adendorff said that "the majority of the business community appears to have perceived no advantage, even to itself, in investigating opportunities which exist."

Despite the present economic upswing, he said, fewer applications for investment in the homelands had been received than during the 1975-78 recession. The CED has helped in the establishment of 304 factories in the homelands in the past 10 years, of which only 19 were built in the year to March 31, 1980.

Mr. Fanie Botha

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UK NEWS

Lords battle expected over Employment Bill measures

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A MAJOR BATTLE is expected in the Lords on Tuesday when a group of Conservative and cross-bench peers attempt to throw out Government proposals to limit secondary industrial action.

Clause 17 of the Employment Bill is intended to reduce trade union immunities for secondary action, and to limit immunity to action against the first consumer or supplier of the company on strike.

A sizeable group of Conservative MPs and peers say this is too weak and want a tougher clause in its place.

An amendment put down yesterday by Lord Orr-Ewing, Conservative, and a group of Tories and independents seek to remove the clause.

They will try to replace it with a new clause which would limit immunity to *those directly* involved in an industrial dispute.

This will be debated during the Bills report stage and there is every sign that Lord Orr-Ewing and his colleagues intend to press the matter to a vote.

They were heartened by a meeting of the 1922 Committee of backbench Tory MPs on Thursday night where there was considerable pressure for the Government to tighten the Bill.

If the Government is defeated in the Lords it means that the controversial subject of secondary action can be reopened when the Bill returns to the Commons.

Meanwhile, Mr James Prior, Employment Secretary was preparing a counter attack against the Bill's critics. He is writing this weekend to Mr George Gardiner, Conservative MP for Reigate, who is one of the leading opponents of Clause 17. In his letter Mr Prior, will deny accusations that the clause is poorly drafted and will argue that it will have the effect of limiting existing immunities.

Lord Hailsham, Lord Chancellor, will lead the Government counter-attack against the proposed amendment.

Our Labour Editor writes: Mr. Len Murray, TUC general secretary, has told Mr. Prior that the TUC is only prepared to discuss guidance on picketing or the improvement of industrial relations generally if the Government drops the Bill.

Mr. Prior had told the TUC that a code of practice on picketing would be produced only under statutory powers contained in the Bill in the absence of "comprehensive and voluntary guidance."

Mr. Murray's request to Mr. Prior to scrap the Bill is made knowing that the Government intends to do no such thing.

The TUC has threatened to tear up its own voluntary guidance to unions on picketing and other issues once the Bill becomes law.

This is an ambiguous threat because although the guidelines were produced as part of the concordat with the Labour Government, they contain long-standing advice to unions which the TUC cannot suddenly withdraw.

No swap for Briton in Iraq

BY JOHN HUNT

SUGGESTIONS that Britain should release Iraqis convicted in this country in exchange for Mr. Ned Sparkes, an English contracts manager imprisoned in Iraq, were ruled out by the Government yesterday.

Speaking in the Commons, Mr. Douglas Hurd, Minister of State at the Foreign Office, appealed to the Iraqi Government "*as strongly as I can*" for the release of Mr. Sparkes.

He said that there had been suggestions of a possible exchange for Mr. Sparkes' release, and that the name of an Iraqi citizen found guilty of murder in Britain in 1979 had been mentioned.

Mr. Hurd emphasised, however, that the Government could not proceed along this road.

The case of Mr. Sparkes, who was sentenced to life imprisonment, was raised by Mr. William Van Straubenzee, Conservative MP for Wokingham.

Mr. Sparkes was jailed in 1978 on charges of attempted bribery and economic espionage.

The items below are abbreviated stories which did not appear yesterday because the Financial Times did not publish

UK airport charges 'too high'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S major airlines are becoming increasingly critical of the high levels of airport charges in the UK, which they fear may rise even higher to pay for new airport developments such as Stansted.

Mr. Knut Hammarskjold, director-general of the International Air Transport Association, in a letter to Mr. John Nott, Secretary for Trade, has protested about the charges, and also about the UK Government's policy for financing airport developments.

Mr. Hammarskjold says that in the year starting next April 1, the British Airports Authority will need to borrow about £35m-£40m to finance airport developments.

"Over the past year the British Government has altered its position and now requires that this money should be raised on the British market (it being Government policy to use North Sea oil revenue to pay for overseas debts while avoiding further borrowing abroad).

"This will oblige the airports authority to raise money on the UK market at 17 or 18 per cent as compared to 6 per cent on the Swiss market.

"This means that the BAA appears likely to be forced to borrow at excessively high interest rates that will also indirectly *have to be financed* by the airlines, who are already being called upon in effect to finance future developments — including airport facilities such as Stansted which they are unlikely ever to use—through the current revenue of the BAA generated by substantially increased charges at Heathrow and elsewhere."

Concern

Supporting Mr. Hammarskjold, the International Air Transport Association executive committee, which comprises the chairmen and presidents of several major world airlines, *has sent a policy statement* to Mr. Nott, expressing its concern, and calling for changes in the UK policy.

In particular, the airlines want the BAA to be allowed to finance its airport developments by taking up market loans, rather than by continually raising airport charges.

Also, the airlines suggest the UK Government should reduce the financial target imposed on the BAA, at present 6 per cent on net assets, using current cost accounting (equivalent to 25 per cent on an historic cost basis), to more modest requirements compatible with a monopoly industry.

The committee points out that the UK is pursuing an aviation policy favouring lowest possible fares and cargo rates.

"The credibility and feasibility *of this policy would certainly* be enhanced if the Government could pursue in other areas of the total civil aviation effort policies which do not deliberately and considerably increase the costs to airlines of producing their services."

● The UK aerospace industry had a deficit of about £34.7m on its balance of payments in the first four months of this year. Exports of nearly £511m were offset by imports of £545.7m.

Concorde offers £146 cut

IN A BID to boost Concorde loads between London and Bahrain, *British Airways will* offer those buying a subsonic first-class return ticket on the route a one-way flight on the supersonic airliner, writes Michael Donne.

The present single subsonic first-class fare between London and Bahrain is £582, while the Concorde single rate is £728, representing a surcharge of £146 for supersonic travel.

Normally, to fly one way subsonic and the other supersonic would cost £1,310, but until the end of September British Airways will knock off the £146 surcharge for the supersonic journey, and charge only £1,164 return.

Thus, for the price of a subsonic return ticket a passenger can travel on one of the flights, either outward or back, on Concorde at no extra charge.

Lords support Racal appeal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

RACAL COMMUNICATIONS, which is suspected of obtaining £200,000 by inflating estimates for work for the Ministry of Defence, has defeated a police attempt to see its records and *accounts*.

Five Law Lords yesterday agreed that a High Court judge's refusal to grant the Director of Public Prosecutions an order for inspection of Racal's records could not be appealed against.

They allowed an appeal by Racal—a subsidiary of Racal Electronics—against the Appeal *Court's reversal of the High* Court ruling, holding that the Appeal Court had had no jurisdiction.

Racal had known nothing of the DPP's court moves until after the Appeal Court hearing.

Lord Edmund Davies said that Racal Communications repaired communications equipment under contract for the Ministry of Defence at cost, plus a fixed percentage of profit.

Suspicion had been aroused *that during* 1975 to 1978 Racal had improperly obtained sums totalling about £200,000 by inflating the cost item in the estimates it submitted to the Ministry, thus extracting profit percentages above those to which it was contractually entitled.

It has also been suspected that that dishonest practice had *originated* in *instructions given* to employees by the head of Racal's quotations department.

The Director of Public Prosecutions considered criminal proceedings and sought a court order enabling a detective inspector and a Ministry representative to inspect Racal's records.

The application was made under section 441 (1) of the 1948 Companies Act which enabled an inspection order to *be made if there was cause* to believe that "any person has, while an officer of a company, committed an offence in connection with the management of the company's affairs . . ."

Mr. Justice Vinelott held that that wording was inappropriate to describe the alleged misconduct by Racal staff, and doubted whether the evidence before him was sufficient for a reasonable belief that the fraud had been perpetrated by "an officer of the company."

Lord Edmund Davies said that as an appeal was barred, the Appeal Court had had no jurisdiction to hear the case.

Attempt to cut postage costs

By Robin Pauley

THE GOVERNMENT is to stop using official-paid envelopes in an attempt to tighten control on the postage costs of ministerial departments, which are running at *£100m a year*.

Mr. Paul Channon, Civil Service Minister, announced yesterday that the sytem, which has been in operation since 1938, would be phased out during the next two or three years and replaced by franking machines.

£3m project to pipe methane from mine

BY MAURICE SAMUELSON

THE AMOUNT of methane gas from collieries being used in industry has been increased with the opening of a £3m scheme linking a Cheshire chemical works with a coal-*mine*.

The gas, 9.5m therms a year, equal to 40,000 tonnes of coal a year, flows along a seven mile long underground pipeline from the Parkside colliery, at Newton-le-Willows, to the Joseph Crosfield chemical works at Warrington, Cheshire.

This is the biggest scheme in Britain to use colliery methane in industry. Last year, about 30m therms were used in colliery boilers and 19m therms sold to outside customers.

Methane, also known as firedamp, has to be drained from mines for safety reasons. It is usually released into the atmosphere, but the *high* cost of other fuels makes its use in boilers increasingly attractive.

Mr Ray Hunter, director of the NCB's western area, which sells 24m therms of methane a year to industries and itself burns 13m therms in colliery boilers, says that the Crosfield scheme "*significantly helps* the drive for energy conservation."

Fishing industry needs £35m extra aid

BY RICHARD MOONEY

THE FISHING industry needs £35m of extra aid in the second half of this year to avert its total collapse, Mr. Peter Walker, the Agricultural Minister, was told yesterday.

At a *meeting* with Mr. Walker in London, representatives of all the main fishing associations presented figures showing that the industry as a whole was likely to *have* a negative cash flow of £70m this year. More detailed figures from the British Fishing Federation (BFF), which represents the deep-sea *trawlermen*, showed that its members made an aggregate operating loss of £1.2m in the six months to the end of March while suffering a negative cash flow of £5.6m.

In the six months to the end of September, the operating loss is projected to grow to £1.8m and the negative cash flow to £9.1m.

The figures compare with a Governmental programme which will total £19.3m in grants and loans this year.

The BFF figures were calculated by an independent firm of chartered accountants commissioned in response to a request by Mr. Walker for "chapter and verse" on the economic plight of the British fishing industry so as to help in EEC negotiations on a common fisheries policy.

Mr. Austen Laing, director general of the BFF, claimed *that the fishing industry* was in a unique situation.

This was accepted by Mr. Alick Buchanan-Smith, Minister of State for Agriculture. Commenting after the meeting, he said the fact that fishermen had to operate within a strict production ceiling put them in a special position. He also conceded that uncertainty on the level and type of future fishing opportunities because of the absence of *an* EEC fisheries policy made investment decisions difficult.

But, he said, tha main causes of the fishing industry's problems — *high fuel costs* and the strength of sterling — were *common* to other industries. He denied UK fishermen's allegations that direct subsidies to *Continental* fishermen were responsible for their competitive advantage in the UK market.

However, there was concern about the fuel subsidies received by some Continental fishermen, notably the French and Germans, which flouted Common Market policy.

Fishermen attending the meeting said afterwards that their case appeared to have received a sympathetic hearing, although the Minister could not be specific on any further aid.

Chemicals 'may be cancer risk'

By Sue Cameron

UP TO 5 per cent of cancer deaths may be caused by exposure to chemicals at work, according to a report published yesterday by the Chemical Industries Association.

But the report, written for the association by Nicholas Wells, a health economist, and based on official data, stresses that these deaths are the result of exposure to chemicals that took place 20 years ago "when safety measures in chemical plants were not standard procedure as they are today."

It states that the 1 per cent to 5 per cent figure may therefore overstate the danger existing today.

The report says the risk of dying from cancer as a result of smoking or dietary factors is far greater than the risk from exposure to chemicals at work.

It is thought that between 30 per cent and 35 per cent of cancer deaths are related to smoking and a further 30 to 35 per cent are related to diet.

"Of all cancer risks we as a society are facing at this time, the occupational risks are likely to be no higher than 1 per cent of the total and probably nearer to zero," the report says.

Thomson to buy The Accountant

THE SHAREHOLDERS in Gee and Co. (Publishers) have agreed to sell their shares to Thomson Magazines. The company will continue to trade as Gee and Co. (Publishers) and to publish The Accountant at 151 Strand. Mr. Peter Gee-Heaton will continue as chairman and chief executive.

Beer output fell 10% during May

By Gareth Griffiths

BEER PRODUCTION in May fell by 10 per cent compared with the same month last year, and breweries are now lowering their forecasts of beer sales for the rest of the year.

The Brewers' Society monthly beer production figures published yesterday showed a May total of 3,525,450 bulk barrels. The May 1979 figure was 3,916,481 bulk barrels. Demand has slackened in recent months and brewers are now revising earlier plans for a 2 per cent increase in production this year.

Demand for beer appears to be holding up somewhat better in the south than in the rest of the country, although overall demand has probably fallen by about 2 per cent already this year. The May figures, although distorted by the unusually high May figures in 1979, are still disappointing because of the month's good weather.

Weather normally has some influence on sales, although recent trends suggest it is diminishing.

Beer production this year has shown a slight increase of 1.5 per cent against the 1979 figure. However this increase is not as impressive as it appears because production last year was distorted by industrial problems at the start of 1979 and by poor weather.

Consumers are showing greater resistance to beer price rises during this recession than in previous recessions. *Many* executives in the brewing industry have been surprised at the downturn as they believed beer was immune to the squeeze.

Forte's five-year Heathrow deal

TRUSTHOUSE Forte Airport Services has been awarded the contract to operate the catering *facilities* in Terminal 1 at London's Heathrow Airport from October 1, for an initial period of five years.

The facilities comprise a restaurant, a coffee shop, a buffet, a bar and a pub on the concourse at Terminal 1, together with the Shuttle and other catering services, and the International Buffet and Bar in *the departure lounge*.

Vera Lynn in charity appeal

DAME VERA LYNN, president of the Printers' Charitable Corporation, yesterday launched the corporation's annual appeal for funds.

The corporation, the national charity for the printing and newspaper industries, maintains two homes for old people and gives annual grants to those in need.

Airport bus link

THE FIRST direct bus service linking the Medway towns and other south-east centres with Gatwick airport starts on July 6. It is to be run six times a day by Maidstone and District Motor Services, part of the National *Bus Company*.

Lisa Wood explains why so many fashion concerns are going into liquidation

Garment trade reels

EVEN THE most casual stroll down Britain's High Streets shows that the country's fashion business is in poor shape.

The industry is one of the first victims of the recession. Consumers are buying fewer clothes, retailers bearing heavy overheads are cutting profit margins to clear stocks while manufacturers, with diminishing order-books and standing overheads, are going into liquidation in their hundreds.

Even these manufacturers and designers at the very top end of the market face cash-flow problems and some like Bill Gibb Couture have been forced into liquidation. Manufacturers *producing clothes for the more* general fashion market face a less well publicised collapse.

Mr. David Platt, a London chartered accountant of Sorsky and Co., is handling about five clothing manufacturers a week who are going into liquidation. The majority are small companies manufacturing brand name clothes in London's East End and who are bearing the brunt of the recession in the retail trade.

Normal practice is to contact the retailer on a week-by-week basis for new orders. Now retailers are cutting back on these because they cannot afford, with high interest rates, to have stock sitting on the rails for a prolonged period of time.

Mr. Platt knew of one manufacturer who was selling garments, normally wholesaling at £7-£12, to job-buyers at £2 to £3 each. "He would rather do this than have stocks worth about £20,000 on the warehouse floor," said Mr. Platt.

Large wholesalers without a manufacturing base, are not without their problems either. Originelle (Buying) has crashed with debts of about £472,000 and has poor prospects, in the current climate, of selling its high fashion assets.

It is these manufacturers, without their own retail outlets who are suffering most. Ronnie Stirling, of Stirling Cooper based in London, manufactures his *own clothese* but has five of his own shops and 25 concessions in major stores. "Manufacturers with a retail outlet can quickly assess what is selling and what is not," he said. Speed, in cutting back lines which are not selling, or increasing production of garments which are, is the name of the fashion game where the vagaries of the weather and of taste can make or break a line virtually overnight.

The business is littered with casualties. The Wallis Fashion Group, which operates a nation wide chain of 80 High Street fashion shops was taken over last year by Sears Holdings. When shares were suspended in early November, Wallis had a market value of £3.95m. Earlier in the year, the value had been as high as £11½m.

Wallis blamed the hard winter, followed by a poor *spring* and *summer* as the main grounds for the collapse. In addition Value Added Tax was increased from 8 per cent to 15 per cent in the July 1979 budget and fewer tourists were buying in London's West End. Another problem for Wallis, which manufactures its own garments, was that its new fashion styles, which included the "padded shoulder," was not to the liking of its clientele.

Bus Stop, once a highly successful boutique chain, collapsed last autumn. Raybeck, the clothing retailer and manufacturer, reported last October that for the first time since it went public in 1964 its first half-year profits had not risen. The group, which takes in the Lord John Shops, reported then that profits for the first half year were down from £3.48m to £3.02m on turnover of £48.55m compared with £45.44m.

Biba announced yesterday it is to close its London shop and concentrate on its wholesale business. The company cited the cost of maintaining expensive premises in the West End as one of the reasons the shop, opened in late 1978, must close.

Companies are reporting a more conservative stocking policy. Ronnie Stirling said: "We *cannot afford* to experiment with big new collections. Clothes are becoming a bit more classic and a bit more boring."

Similarly, Marks & Spencer, *probably* the biggest clothing retailer in the UK, which has always been cautious in its approach to high fashion have been concentrating on "more classic and elegant styles in womens' wear at easier prices."

M & S, at its annual general meeting earlier this week also highlighted another problem facing the UK clothing industry —that of imports, which are undercutting domestically-made products. Sixty per cent of all shirts sold in the UK are imported—although 99 per cent of M & S shirts are British-made.

The attraction of imports to Britain's youth, seeking fashion at a low price, is illustrated by the present success of India. Imports of Rhode Island a London-based wholesaler which imports about 10 per cent of the India-cotton garments sold in the UK. Its cheapest imported skirts retail from £5 with the bulk of its clothes sold at between £15.95 and £18.95. The company said: "Our turnover has increased significantly this year on that of 1979. We are selling the right product, at the right time and right prices."

At the top end of the market the problem is not so much that imported couture clothes made-to-measure *garments* which come mainly from France and the U.S. are more attractive price-wise. But rather that some British designers are either going out of business or having to cut back on collections.

Bill Gibb Couture, which collapsed for the second time to two years last month and Yuki, the Japanese designer based in London, which went into voluntary liquidation last week, both enjoyed a prestigious clientele and were highly regarded as *designers in the trade*.

There are still many British couture houses that are financially successful — including Jean Muir, Zandra Rhodes, *Bruce Oldfield and Janice Wainwright*. But the trade itself is highly critical of the way in which some UK couture houses are managed, compared with those in France and the U.S. where, it is claimed, fashion houses are run much more as ordinary businesses, concentrating heavily on profitable diversifications, such as perfumes, and placing great emphasis on licensing agreements.

The trade is reluctant to discuss the demise of Bill Gibb, describing his clothes as imaginative and "years ahead of other designers"

But it does suggest that Fox Fine Art, the Mayfair art dealers, who rescued the fashion-house after its first collapse—while being sincere in its support of the dsigner—did not understand the fashion business.

The production of one-off couture clothes is a very expensive business and needs, say the trade, to be supported by sound licensing agreements for other *manufacturers* to use the designer's name. However, licensees can only succeed with a "name" if the designer creates glamour and excitement around that name by his couture collections.

Bill Gibb has not been able to have a couture collection for three seasons and while having three UK licences has not proved effective in winning new ones.

Zandra Rhodes, the designer, who is often compared to Bill Gibb, is partly financed by Stirling Cooper, "a company with sound knowledge of the rag trade," according to one commentator. Zandra Rhodes has regular collection and has negotiated *numerous licensing* agreements throughout the world for the use of her name and designs. She may market a perfume this year.

Ronnie Stirling said: "The cost of producing a collection is so colossal that unless one has substantial sales in other areas one cannot survive. Those houses which are surviving have sound financial backing, a tight management and a good existing clientele. Bill went broke and started again at a bad time. And you cannot do that cheaply."

Labour invited to propose successor to Jenkins

BY ELINOR GOODMAN, LOBBY STAFF

THE PRIME MINISTER has asked the Leader of the Opposition for suggestions about who should go to Brussels as the next Labour member of the European Commission, in place of Mr. Roy Jenkins.

Mrs. Thatcher is not obliged to accept Mr. Callaghan's recommendation and, as yet, no names have been formally submitted. But informal soundings have been taken among a number of former Labour Cabinet Ministers.

Mr. Jenkins is not due to leave Brussels until next January, but the recent agreement within the Community about his successor as President has focused attention in Downing Street on the need to appoint a new Labour member for the Commission. Britain has two members on the Commission and the expectation is that Mr. Christopher Tugendhat, the Conservative member, will stay on for another term. This just leaves the Labour Commissioner's job vacant.

Preliminary discussions have already begun between Labour and Downing Street. But the signs are that finding the right person could take some time.

SE Council to study report on De Beers

By Christine Moir

A CONFIDENTIAL report on the February raid by De Beers/Anglo American Corporation on the shares of Consolidated Gold Fields is to be studied by the Stock Exchange Council at its meeting on Tuesday.

The report is the result of an extensive investigation commissioned by the council and carried out by a three-man committee within the Quotations Department, chaired by Mr Nicholas Assheton.

On February 12 Rowe and Pitman, stockbrokers, conducted the first of the eight "dawn raids" it has masterminded this year when it stood in the market for 1½ hours and bought 11 per cent of Gold Fields on behalf of De Beers.

Gold Fields had been complaining for some weeks that a mystery buyer had been building an anonymous holding in the company. In the event, De Beers was revealed as both the dawn raider and the mysterious buyer, with an overall stake of 25 per cent.

As a result of the criticism which developed the Department of Trade started an inquiry into how De Beers was able to build its stake without having to disclose its identity.

The Council for the Securities Industry also set up a committee to study whether the rules of the Takeover Code need to be amended to require raiders like De Beers to make at least a partial bid.

A formal offer would give all shareholders a chance to sell their shares rather than just the few swift moving institutions able to deal during the time of a raid.

The Stock Exchange inquiry, like the Government investigation, has studied the method used to build up anonymously a stake well beyond the 5 per cent at which holding must be disclosed under company law.

As Lord Shawcross, chairman of the Takeover Panel, has said, the law does not cover the position where several related interests each buy holdings of just under 5 per cent. This appeared to have been the case with De Beers' purchases, he said.

The Stock Exchange is also concerned about the principle of "dawn raids," in which Rowe and Pitman has specialised, because they favour professional investors to the disadvantage of small shareholders.

Overseas travel by Britons is up 17%

BY MAURICE SAMUELSON

THE NUMBER of UK residents travelling abroad rose by 17 per cent between January and April. Holidaymakers accounted for much of the increase.

The money spent abroad increased more steeply, by 30 per cent to £589m, reflecting the high value of sterling.

The figures were given yesterday by the Trade Department.

They showed that UK visitors to France rose by 61 per cent, and to Denmark by 89 per cent. The number of visits to the U.S. rose by 29 per cent, but to Spain they fell by 8 per cent.

The Association of British Travel Agents said the strength of the pound made foreign holidays attractive.

According to the Trade Department, overseas package holidays increased to 763,000 in the first quarter from 624,000 in the same period last year. Malta, Gibralta, Cyprus and North Africa were particularly popular.

In the October-March winter season 250,000 more people went on package holidays than in the previous year.

It is going to continue, judging by the bookings in June. This is normally a quiet month for bookings, but this year they are up 15 per cent to 200,000.

Travel agents suggested that the bad June weather made more people want to get away to the sun.

● There were just over 1m foreign visitors to the UK in April, a fall of 29 per cent on the same month of 1979. The number of Britons going abroad rose by 10 per cent to 1.43m, according to the International Passenger Survey.

For the first four months of the year, the number of visitors rose by 4 per cent.

Japanese deadline on Aston Martin

A BOARD MEETING in Japan today is expected to decide once and for all the fate of the Aston Martin-led consortium's bid to take over MG cars production from BL.

Mr. Alan Curtis, Aston Martin chairman, refused last night to give any indication of the identity of the Japanese concern, with which he said negotiations had proceeded for nearly six months.

After BL's announcement on Tuesday that it considered the consortium's bid had failed, he said, the consortium was "obliged to set its own deadline" of this weekend for the Japanese interest to come up with the £20m-£15m needed for the deal to go ahead.

BL has postponed until early next week an announcement on the future of the 820 workers at at MG plant at Abingdon.

BBC change

MR. DOUGLAS MUGGERIDGE, deputy managing director of BBC RADIO, is to become the managing director of the BBC external broadcasting service at the end of this year, succeeding Mr. Gerard Mansell, BBC deputy director-general.

More steel cuts

PRODUCTION at British Steel Corporation's Port Talbot works, South Wales, will be brought down to a "slimline" level of 28,000 tonnes a week from tomorrow because of a sharp fall in orders. Llanwern's output was similarly cut earlier this week. Early agreement between management and unions on the 11,000 redundancies made immediate implementation of the plan possible.

Free to publish

THE DIRECTOR-GENERAL of Fair Trading is free to publicise the misdeeds of a trader who has been acting against the interests of consumers, Lord Justice Donaldson said yesterday. He dismissed a claim by F. H. Taylor and Co., toy and electrical importers, for an Order preventing the Director-General's issuing a Press statement about it.

ICI-Cuba pact

IMPERIAL CHEMICAL INDUSTRIES has signed a trading agreement, with Cuba which ICI hopes will boost its Cuban sales, worth several million pounds a year.

Yugoslav talks

MR. METOD ROTAR, Yugoslav Federal Secretary for Trade, arrives in London on Sunday for four days of meetings with Government officials and industry leaders to improve trade ties. It is the first visit by a senior Yugoslav official since the death of President Tito.

Courtaulds' claim

THE GOVERNMENT funds provided toward the Courtaulds' factory at Campsie, Co. Londonderry, are equivalent to £20,000 per job at present, not the £28,000 calculated by the Public Accounts Committee in its report published on Wednesday, claims the company.

Plan for workless

A TEN-POINT economic plan aimed at alleviating the plight of the unemployed was outlined yesterday by Mr. Walter Goldsmith, director-general of the Institute of Directors. It included devaluing the pound, and tax incentives for small businesses.

Student loan view

MORE THAN half the public would prefer students to have to finance at least part of their studies by loans instead of by the present grants system, says a report by the Institute of Economic Affairs. A survey of nearly 2,000 "nationally representative" people in 1978 showed that 58 per cent believed that either loans or a mixture of loans and grant would be better.

Talbot increases terms of offer

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT UK has increased its 8 per cent pay offer on condition the 20,000-strong workforce agrees to an 18-month deal. The move would switch negotiations from July to December, and put Talbot at the end rather than the beginning of the motor industry payround.

Talbot may see some advantage in negotiating after deals have been struck at Vauxhall, Ford, and BL. Last year, the company, owned by PSA Peugeot-Citroën of France, gave a strong lead, suffering a three-months strike to impose a 5½ per cent deal in its Midland factories.

Again, Talbot has stressed that workers must be realistic about what the company can afford. The trade unions have been offered 8 per cent from this month plus an extra 7 per cent from April 1 next year—an increase that would mean an extra £13.04 a week for production workers, raising their weekly wages to £96.84.

Shop stewards, who demanded well over 20 per cent, will consider the offer on Monday before resuming negotiations. There is no evidence of militancy and Talbot must be optimistic about negotiating a deal.

The West Midland Engineering Employers' Association said last night that recent pay deals had been lower, at about 10 or 11 per cent. The recent sharp decline in UK car and commercial vehicle sales has not only prompted extensive redundancies but has also aroused union fears about job prospects.

Lucas Industries, which has called for a cut of 3,000 jobs, has warned its 66,000 employees that it can afford to pay no more than 10 per cent.

● Two months' holiday on double pay, a 30-hour week within 10 years, and a £3 minimum basic rate are in a list of claims drawn up by Transport and General Workers' Union shop stewards representing car workers in the Home Counties.

Row likely over pay for MPs

By Elinor Goodman

THE GOVERNMENT is set for a big row in the Commons on Monday when it asks MPs to accept a much smaller pay increase than recommended by Lord Boyle's Top Salaries Review Board. MPs are likely to be asked to settle for 9.6 per cent instead of the 16 per cent which Lord Boyle is believed to have recommended. A larger rise may be proposed for heads of nationalised industries although, again, less than Boyle recommended.

The reduction will incense many MPs who are annoyed that their salaries are being held back for political reasons. The vote will technically be a free one—but the clear message to the Tory back benches from the Prime Minister will be that they have a duty to make a personal sacrifice in order to set an example to the nation, thereby helping to moderate pay demands.

Only a minority of Tory MPs are apparently prepared to embarrass the Government by voting against its advice. Instead, the Conservative MPs unhappy with the proposals may abstain in the hope that enough Labour MPs will vote against the reduction to ensure that they get the increase in full.

The Prime Minister is expected to make the announcement personally to emphasise the importance she attaches to the subject. She is also likely to discuss Lord Boyle's recommendations on the pay of top civil servants, judges and nationalised industry chiefs. A degree of restraint will probably be asked of them.

The announcement will represent the first direct intervention by the Government in a pay settlement.

£130m sought to pay for steel strike

BY JOHN HUNT

REVISED SUMMER spending estimates published by the Treasury yesterday show that £130m is being sought to meet the liability of British Steel Corporation arising from the steel strike.

There is also an additional funding of £73m to meet the financial requirements of Rolls-Royce.

The Treasury says that the sums for Rolls-Royce and BSC are covered by offsetting savings elsewhere, from the contingency reserve and from public expenditure plans for which estimates have not previously been presented.

In total, Parliament is being asked to approve an additional £229m on the estimates, bringing the total figure to £64.841m. The Government says that the additional spending is consistent with the public expenditure plans announced in March and with the cash limits.

There is a net reduction of £2m in public sector pay arising from over-provision in the original estimates. But price rises account for an increase of £16m in the estimates, mainly falling on votes which are not subject to cash limits.

Increases in local authority rates have meant that an additional £15m has had to be paid on rates on Government property. A sum of £4m has had to go in the form of rate rebates.

Conservative morale boosted by poll

BY ELINOR GOODMAN

THE GOVERNMENT'S morale was given a major boost yesterday by a public opinion poll which showed that, for the first time since the election, Mrs. Thatcher is now regarded as a better prime minister than Mr. Callaghan.

The poll, carried out by Mori for the Evening Standard also showed that the Government has narrowed the popularity gap between itself and the Labour Party. Despite the worsening situation on prices and jobs, Labour is now only 2 per cent ahead of the Conservatives, compared with 8 per cent in February and March—43 per cent of those interviewed said they would vote Labour, compared with 41 per cent for the Conservatives.

The results were interpreted in the Conservative Party with cautious optimism. They are likely to be used by hardliners in the Cabinet to argue against those seeking a softening of the economic policies on the grounds that they are damaging industry and hitting jobs.

Yesterday, Mr. Norman St. John Stevas, the leader of the House, said that the result was a cause for "quiet and prudent confidence." The Labour lead, he said, was far narrower than would be normal for this point of a parliament.

More significant, he maintained, was the fact that Mrs. Thatcher was now regarded as a better Prime Minister than Mr. Callaghan could be. This, he said, was an indication of the confidence the public had in Mrs. Thatcher personally. The mood of the country was now one of "trusting the Prime Minister," he said.

NALGO seeks action plan if pay talks fail

BY NICK GARNETT, LABOUR STAFF

LOCAL AUTHORITY white-collar staff are being advised by the National and Local Government Officers' Association to give consideration to forms of industrial action they would be prepared to take in the event of a complete collapse in pay negotiations.

The advice, sent out this weekend by the union, follows a pay offer on Thursday of 13 per cent on the wages bill.

The employers' negotiators, who have been under pressure from a large number of authorities to secure a relatively modest settlement, fell just short of saying that this was the final offer to the 535,000 staff.

Negotiators are expected to resume discussions at the end of this month when the teachers' pay arbitration, which could effect these negotiations, is known. The union has already told employers that the offer to local authority staff is far below what would be acceptable.

The employers gave a clear indication that they were not prepared to concede a reduced working week, but appeared less resistant to increased holidays.

They said that they were not prepared to meet the element of NALGO's claim seeking a minimum £70 a week at the age of 18.

Norprint to make up to 130 redundant

BY LISA WOOD

NORPRINT, one of Britains biggest printing companies, is to make up to 10 per cent of its 1,250 strong workforce redundant.

The company, based in Boston, Lincs, said up to 130 jobs would be lost, starting at the end of this month.

The British Printing Industries Federation said yesterday: "A number of companies have had to declare redundancies recently, partly due to competition from imports but also due to wage increases without compensating productivity."

● A car parts company at Wolverhampton is to close later this month with the loss of 31 jobs. Carbjectors Press works, makes parts for BL.

● Eighty-five jobs are to be lost at the Ipswich valve manufacturing company, Crane. It employs 1,750 and has had a sharp downturn in orders since April.

● Joseph Cheyney, shoe manufacturer, of Besborough, Northants, today held a public sale of high quality men's shoes, many made for the U.S. and Europe.

The company has won the Queen's Award for Exports twice and in 1971 exported 72 per cent of its leather shoes. Now, overseas sales have fallen to less than 30 per cent and domestic sales have been affected by imported shoes.

● Alcan Extrusions, a subsidiary of Alcan Aluminium (UK) one of Banbury's major employers, is putting 600 workers on short time from August 18.

Objectors to stay away

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE PROSPECTS for a peaceful and orderly annual meeting of Morgan Crucible Company on July 10 were improved by an agreement reached at the High Court yesterday.

Four shareholders whom the company wanted barred from the meeting gave an undertaking to the court not to attend.

The four are members of the Battersea Redevelopment Action Group (BRAG) which has for years opposed Morgan's plans for the redevelopment of an 11-acre Thames-side site.

At last year's annual meeting, they were ejected when they refused to accept a ruling by the chairman.

Morgan was determined to prevent disruption of this year's meeting and applied for court orders stopping the four attending, or "besetting" the venue, molesting other shareholders or in any other way attempting to disrupt the meeting.

The four went to court to oppose Morgan's claim; but they decided that, in the event of their losing the case, the risk of their facing a heavy legal bill would be too great.

They offered an undertaking not to attend the meeting, which Morgan accepted waiving its rights to any legal costs against the four.

Morgan later refused to comment on the court action beyond saying that satisfactory arrangements had been made for the orderly conduct of the meeting.

BRAG said that others of its members were Morgan shareholders and would be at the meeting.

Observer calls crisis talks with print unions

BY JOHN LLOYD, LABOUR CORRESPONDENT

A DIFFERENCE over premium payments and machine speeds separates The Observer management and print craftsmen in their current dispute. However, both sides say they will move no further to get agreement.

The paper has called in general secretaries of all five print unions on Monday in a final effort to achieve a settlement.

Talks broke down on Thursday between the management and London region officials of the National Graphical Association.

The Observer's owner, Atlantic Richfield, has said that it will end its investment in the newspaper unless agreement is reached.

The concessions made by the NGA on Thursday mean that the union's claim, of £7.20 extra per man for the printing of a paper above 48 pages is only 70p above the Observer's final offer for a 64-page paper, though £3.95 above for a 56-page paper. The union is also claiming a premium payment for the final hour of the 13-hour shift and is querying the proposed running speed of the presses.

Now, the paper has indicated that it will be unable to improve its offer. Mr. George Jerrom, the NGA's national officer in charge of Fleet Street newspapers, said yesterday that the union was "convinced at every level" that it should make no more concessions.

● A pay offer of 20 per cent will be recommended to the 1,400 journalists working for the magazine, business press and book publishing divisions of the International Publishing Corporation at a mass meeting next week.

Acceptance by the National Union of Journalists' chapel negotiators marks the first breakthrough in a running battle over pay which has lasted about three months, and included a lock-out of the journalists for nearly six weeks.

Business 'never so grim'

BY OUR LABOUR EDITOR

GOVERNMENT policies were having a "frightening" impact on industry, whose prospects had never looked so grim, Mr. Len Murray, TUC general secretary, said yesterday.

He accused ministers of intervening to deflate demand and to reduce employment in spite of their declared policy of non-intervention.

They were also interfering with the investment plans of nationalised industries "through the imposition of unrealistic cash limits," he said.

Speaking to the North-West Industrial Development Association in Chester, Mr. Murray said the only ray of light in a murky scene was the mounting pressure on the Government to change course.

Business was crying out for a big reduction in interest rates. Thursday's cut in the minimum lending rate was only a "small step in the right direction," he said.

Only non-controversial Bills succeed

The last day allocated this session to voting on Private Members' Bills ended yesterday. Five got through their final stages in the Commons, bringing the number of successful Bills to 11. This means less than half the MPs who won places in the ballot for such Bills have managed to get them on the statute book. Elinor Gooman explains why.

BACK BENCH attempts in the Commons to make the wearing of seat belts compulsory were defeated for this session yesterday. One Private Member's Bill after another was blocked by the lone cry of "object" from Mr. Marcus Kimball.

Mr. Kimball, Conservative MP for Gainsborough, was the most unpopular man in the House yesterday.

Almost single-handed, he ensured that such ambitious schemes as abolishing the Clegg Commission, getting rid of domestic rates and televising Parliament — as well as more modest ideas such as amending safety regulations—never got beyond gesture politics.

On the last day allocated to voting on Private Members' Bills, only five got through their final stages in the Commons. They were all the kind of Bills which show that MPs are interested in the minutiae, as well as the mighty.

Mr. Kimball allowed to go through without protest a Bill enabling local authorities to put bumps in roads. He stayed silent for a Bill dealing with deer poaching, and for one on rabbit hunting, which he helped sponsor.

Earlier, a small change to pub licensing laws got through its final stages, together with a Bill relating to the law covering female assurance policy-holders in Scotland.

But all the controversial Bills were lost. Proposals for turning the Lords into an elected chamber, abolishing stamp duty and introducing a Bill of rights all withered as mere political gestures.

As far as most MPs—and peers—who sponsored the unsuccessful Bills were concerned, their failure to get further did not come as much of a disappointment. Many Bills on yesterday's Order Paper were never intended to get on the statute book. Their only purpose was to make a political point.

Mr. John Selwyn Gummer, Conservative MP for Eye, for example, never expected that products would have to be marked with their country of origin as a result of his Origin Marking Bill. Neither did Mr. Bob Cryer, Labour MP for Keighley, delude himself that local communities would have to hold a referendum before a Cruise missile base was located in their area.

These Bills, like most of those down for second-reading yesterday, began as 10-minute rule Bills. As such, they gave backbenchers a chance to speak on a subject they regarded as important at peak afternoon time, and to demonstrate support by engineering a vote.

Such Bills can be valuable political weapons. MPs are prepared to sleep all night outside the Public Bill office to be first in the queue in the morning. Some MPs, like Mr. Cryer and the Conservative Sir Brandon Rhys Williams make a speciality of them.

Sometimes these Bills are used as a way of firing a warning shot across the bows of the frontbench—as in the case of the Bill to increase child benefits. Sometimes they are used to demonstrate the strength of feeling in the House to those outside, and so strengthen the Government's negotiating hand—as in the case of moves to curb cigarette advertising.

In other instances, such as the unsuccessful Bill to abolish the Lords, sponsored by Mr. Jeff Rooker, the Labour MP, they are purely for internal party consumption.

If many Bills on yesterday's Order Paper have served their purpose as far as their sponsors were concerned, it was certainly not true of all of them.

Most MPs who won a place in the ballot for Private Members' Bills at the beginning of the session used their place to introduce Bills which they said had a real chance of becoming law.

In fact, until yesterday, only three had done so: one to provide concessionary travel for handicapped people in Scotland; another to make it easier for servicemen's wives to vote; a third to help landlords keep football hooligans out of pubs.

Another two Bills, which began in the Lords — both dealing with gambling—have become law. Mr. Cranley Onslow, a Conservative backbencher, was successful with a Bill to control the import of live fish. This he presented without a speech and it was sufficiently non-controversial to get through almost all its stages on the nod.

Some Bills that got through the Commons yesterday still have to go through the Lords. They are almost certain to become law, so bringing the total of successful Private Members' Bills this session to 11.

But this will still mean that less than half the MPs who won places in the ballot for Private Members' Bills at the beginning of the session have managed to get Bills on the statute book.

Winning a place towards the top of the ballot does not seem to help controversial Bills.

The most spectacular failure this session was Mr. John Corrie's Bill to tighten the law on abortions—he had first place in the ballot. Mr. Neil Carmichael, whose seat belt Bill finally failed yesterday, took second place.

Mr. Trevor Skeet, eighth in the ballot, was no luckier with his youth and community Bill, in spite of a powerful Conservative lobby behind it. By the time the Private Members' business ended, there had been a vote on only one clause. The Bill therefore ran out of time.

The Government was not entirely happy with Mr. Skeet's Bill, so it probably would not have got through anyway. But it almost certainly suffered by being on the Order Paper just before the seat belt Bill.

This has been opposed throughout its uphill progress through the Commons by a small, but well-organised, group of MPs, mainly Tory right-wingers.

They were determined yesterday, that the Bill should not get debated before 2.30 pm. This time is to Private Members' Bills what midnight was to Cinderella. After that time, it takes only one MP to stand up and object to kill a Bill.

Technically, all the 45 Bills on yesterday's Order Paper for second reading could have gone through all their remaining stage on the nod after 2.30 pm as the Speaker read them out one by one.

In practice, only three did — two wildlife Bills and the road humps Bill. In almost all the other cases, Mr. Kimball objected with such monotony that one MP demanded to know whether he ever had any positive thoughts.

Mr. Kimball justified his tactics on the grounds that MPs were misusing Private Members' Bills by using them for proposing controversial changes in the law. Occasionally backbenchers succeed in getting Bills on the Statute Book which no government would want to touch—as when David Steel's original abortion Bill became law.

But the record of Private Members' Bills this session shows once again that the only remotely safe route for a backbench Bill is the non-controversial one. Backbenchers do not generally make radical changes to the law. The most they can usually hope to do is influence such changes.

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THE WEEK IN THE MARKETS

The pot stays on the hob

LONDON
ONLOOKER

Even before Thursday's one-point cut in Minimum Lending Rate to 16 per cent, the London stock market was looking firm. Equities were holding on to their recent sharp gains, and the gilt-edged market had swallowed up yet another tap stock, the remains of Treasury 13 per cent 2000. But the cut in MLR brought a sharp advance in equities on Thursday afternoon, presumably on the view that it cannot be long now before further substantial cuts in interest rates take place.

Yesterday morning the gilt-edged bulls picked off the remaining two stocks on the Government Broker's book, the partly-paid 1985 issue and the low-coupon stock for high tax-payers, also due in 1985. The authorities immediately produced a new medium-dated issue, while calls of £1.9bn are due between now and September, and there is a danger that the market will lose momentum if the promise of even lower official interest rates is not fulfilled. For the moment, though, next Tuesday's banking figures—which the authorities must have seen before deciding to cut MLR—may keep the pot boiling for a little longer.

Electric sparks

GEC's pre-tax advance from £378m to £415m for the year to March has quickly obscured memories of its uncharacteristic half-time setback. The engineering dispute last autumn produced an element of distortion, costing maybe £20m in April-September, of which perhaps £10m came back in the second half. Moreover GEC's activities in electronics and telecommunications have produced a sparkling performance, with second half pre-tax profits up by as much as 48 per cent. Although there are inevitable weaknesses in consumer goods areas such as white goods and furniture, and in the diesel engine business, overall GEC has managed once again to show growth, helped by a decided spurt overseas where the group now takes in the U.S. office equipment acquisition A. B. Dick.

Power engineering contributed just £8m pre-tax in the first half, but has staged a comeback to record £37m for the second six months. And this division has just secured turbo generator orders in South Africa which have recently enhanced a flat-looking export order book, with the March year-end figure only marginally higher at £907m.

Certainly the prospects for 1980-81 are reasonably promising, at least by the uncertain standards of the rest of British manufacturing industry. Although some factories making consumer goods are on short time, in areas such as electronics GEC enjoys buoyant demand and its main problem is a shortage of skilled labour.

The famous cash mountain has eased from £730m to £599m, but this reflects the Dick and Averys takeovers, and even after a capital spend of over £170m GEC shows an underlying cash surplus from trading.

Still, the current cost figures emphasise that all is not quite as GEC would wish it: pre-tax current cost profits are down a little, and more sharply so after tax. The dividend, up nearly a third, is covered "only" 3 times on a current cost basis against 5.6 times on the historical cost convention. But any fall in the rate of inflation this year would improve matters, and an immediate yield of some 2.8 per cent is not what investors buy GEC shares for.

Ferranti placing

"It was," said one of the brokers involved, "just about the hardest day's work of my life." He was talking about Tuesday's £54m placing of Ferranti shares — an event which did not go with anything like the smoothness which the seller, the National Enterprise Board, had been led to expect.

For weeks past, the NEB had been bombarded with propaganda about the need to place its 50 per cent shareholding in Ferranti widely around the market place, rather than to hand it over on a plate to a potential bidder. By Monday lunchtime, the NEB—with no firm offer on the table—had decided to do just that. But the Government decided to go one step further to protect Ferranti's independence. It instructed the NEB to impose a covenant preventing resale of the shares for the next two years.

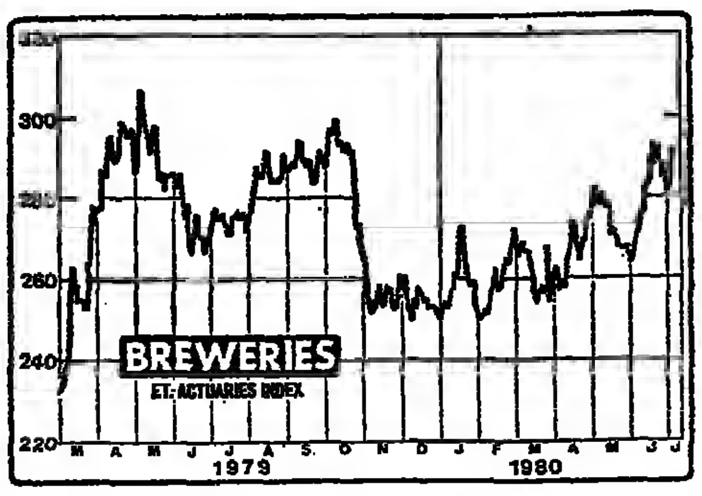
The idea of such a covenant had been promoted North of the Border as a means of protecting Ferranti's important Scottish business from an unwelcome bidder. But it seems that the price being talked about was well below what the NEB considered acceptable, and when it emerged that the shares were to be placed at 530p—a discount of just 11 per cent on the previous price in the market—the Scots' fervour cooled noticeably.

Another problem for the placing brokers arose from the fact that their plans had to be announced on Monday evening, to suit the political timetable and to avoid a clash with Berisford's rights issue on Tuesday. That gave the newspapers time to write impish comments about the placing price before the operation really got under way.

In the end, the placing was completed, although not without talk that Scottish arms had been twisted from high places. Half the pension funds stayed out of the placing, and the unit trusts too were naturally reluctant to get locked into what amounts to an illiquid investment.

Enough fuss was made about the covenant to make it unlikely that anyone will attempt to imitate such a restriction in future share sales. But perhaps the most remarkable feature of all was the relative strength of Ferranti's shares after the placing, admittedly against the background of a very firm equity market. The company really does seem to be one of the stock market's favourite few at present.

Tartan fling



Scottish and Newcastle's figures for the year to April give the first indication that the group may be starting to pull itself out of the stagnation of the last few years. Pre-tax profits rose from £35.7m to £39.1m, despite weakness on the hotel side (made worse by the group's refurbishment programme) and much higher interest charge. In the second half, there was a 37 per cent increase at the operating level.

Volume beer sales have been roughly steady over the year—there was some improvement in the second half compared with the severe winter of 1978-79 — but S & N has at last managed to lead prices higher in the important (and highly competitive) take-home trade. Operational efficiencies have been achieved in the absence of industrial disputes and increasing use of the Manchester brewery acquired from the old Harp consortium to serve the English market.

On top of this, some change in the sales mix towards higher-margin products, lager in particular, has helped, although S & N's larger sales as a proportion of total beer sales are still a good way below the average for the major brewers — perhaps 23 per cent against 29 per cent.

This year should see some recovery from the group's hotels, but beer volume may be hard to hold if the recession hits consumer spending badly in the regions in which Scottish is dominant. The interest charge will again be high—borrowings rose £21m last year, and will be up again in 1980-81 — but profits may come out roughly unchanged. Most importantly, S & N probably has scope to raise its dividend further, and this should be enough to justify a yield a fair way below the 10 per cent that has been established recently. But there is no room yet for inordinate enthusiasm.

S and N was not the only brewer to impress the market with its figures this week. Greene, King's full-year profits were up by 14 per cent to £5.8m, despite a first-time provision for the profit sharing scheme. The results were ahead of most expectations but the company needs to pull surprises out of the bag in order to justify its exotic rating. This now looks a little fragile since Greene King's greatest strengths are defensive and unlikely to produce exceptional earnings growth over the next few years.

The company enjoys a price advantage over the national brewers in East Anglia and it is adding volume slowly but surely. Yet the planned geographical expansion will not happen overnight and in the meantime, Greene, King may find it hard to justify a double-figure price/earnings multiple. Marston's, the Burton brewer, did even better with a 22 per cent advance to £5.5m, but the company is sitting on a sizeable cash pile which distorts the trading picture.

Berisford rights

S. and W. Berisford wins this week's award for reticence hands down. Announcing a £28.5m rights issue on Tuesday, the commodity trader cited commodity price inflation and "an almost continuous trend of increasing interest rates" as the reasons for the issue. Berisford's staple commodity, cocoa, has been falling steadily over the past few months and Thursday's MLR cut takes some of the force out of the latter argument.

In the market's eyes, Berisford was clearly aiming to build cash resources for its assault on British Sugar, yet no reference was made to the £120m bid until the penultimate paragraph of the issue document. Not surprisingly, British Sugar's share price rose 6p to 234p after the announcement.

Berisford was certainly in need of the cash, to improve its bid. Its capitalisation had fallen below that of British Sugar and there has been widespread speculation that, while the offer languishes in the hands of the Monopolies Commission, British Sugar will mount a defensive bid for another company. The issue proceeds will help Berisford either increase its bid for the existing company or accommodate a modest acquisition by British Sugar's combative chairman, Mr. John Beckett. Berisford could of course have boosted the paper element in its offer but, with time on its side in this respect, it saw the advantage of moving in early and tapping its own, perhaps more understanding, shareholders. Even with an extra £28m in the bank, however, Berisford may find that it has bitten off more than it can chew.

Clipped wings

Industrial companies are not the only ones smarting from the high value of sterling. Profit growth of merchant bank, S. G. Warburg, is being restrained by the effect of translating into sterling the results of its increasingly important foreign operations. Warburg's parent company, Mercury Securities, reported in its preliminary announcement this week that attributable profit of associated companies gained only 4.9 per cent to £4.3m despite a welcome improvement from the Paribas associates in France and the U.S. insurance and shipping associate, Stewart Wrighton, contributing £1.3m in profit, suffered lower brokerage income caused largely by the strength of sterling.

Sterling's ravages also show up in the Mercury balance sheet where exchange adjustments shaved £1.1m off disclosed reserves. Nevertheless, transfers from the profit and loss account permitted a net increase in disclosed reserves of £7.7m to more than £86m.

Warburg's total profit, up a modest 8.4 per cent to £14.1m despite the lethargy in Eurobond markets for much of the year, was sustained by merger and acquisition and general advisory business. Buoyant metal markets and the addition of aluminium and nickel to the trading list helped subsidiary Brandeis Goldschmidt to a 28 per cent profit increase.

With the sharp improvement in Euromarkets since the year end and continuing improvement from the Paribas associates, investors may be somewhat disappointed with Mercury's typically cautious 8.3 per cent dividend rise to 6.5p. The shares eased slightly yesterday to 209p but still trade at 7.5 times earnings of 27.24p a share.

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1980 High	1980 Low	
F.T. Ind. Ord. Index	483.7	+20.3	483.8	406.9	MLR reduced from record 17%
Treasury 13½% 2004-08	101⅞	+ 1⅞	102	94¼	Revived local & overseas demand
Avana	150	+19	150	92	Better than-expected results
British Benzol	28	−10	55	28	Lower profits/gloomy statement
Courtaulds	84	+ 9	85	64	Persistent support
GEC	428	+24	434	326	Results well above expectations
Glanfield Lawrence	33	−10	64	33	Interim loss
Greenvale Mining	225	+85	280	20	Oil-shale find in Queensland
Hampton Areas	450	+95	457	260	Good results/scrip issue
Haoma Gold	198	+76	202	30	Strata stake/U.S. oil hopes
Hay's Wharf	253	+88	274	117	Kuwait Inv. Office bid 240p
Land Securities	340	+19	342	237	Investment demand
Lloyds and Scottish	154	+ 9	154	117	Cheaper money trend
North West Minine	152	+49	164	24	Strata stake/U.S. oil hopes
Rio Tinto-Zinc	465	+42	485	327	Bouyant copper/bid hopes
Ropner	104	+22	104	60	Good results
Rustenburg Plat.	250	+50	326	184	Producer price rise rumours
Scottish & Newc'stle Brews.	67	+11½	67	52½	Profits above expectations
Strata Oil	100	+16	114	10	Woodada gas discovery
Wilkinson Match	155	+43	160	105	Allegheny considering full bid

Counting blessings on the fourth of July

NEW YORK
DAVID LASCELLES

THE WEEK of the fourth of July is always a good week, says Wall Street lore. It seemed otherwise on Monday when the market fell flat on its face, but the next three days' gains made up for it, and meant people could go home for the holiday weekend with their beliefs virtually intact.

The extraordinary Monday drop, the biggest in six weeks, was probably a technical reaction to an equally large and unexpected gain the previous Wednesday when institutions were trying to "dress up" their portfolios for their mid-year reports. Now all that is over, the market is back to the fundamentals again, and these look very different depending on who you are.

The bulls still argue that the market is anticipating the economic recovery, and that the upward potential is strong. They base all this on the likelihood of further interest rate declines (which few people dispute) and growing talk of a stimulatory tax cut in Washington.

But those who tend to the bullish view still think the market is in for some nasty shocks. The quarterly reporting season (which gets under way next week) is unlikely to bring much good news. And even if Washington does go for a tax cut, the dangers of a new spurt in inflation are strong.

The Fed did its best to brighten the prospects on Thursday. It announced plans to scrap the remains of its March credit control package, which consisted mainly of extra reserve requirements on the banks and restraints on credit growth. This undoubtedly helped the market's advance that day, as did a report that unemployment had actually fallen in June, contrary to all expectations, though this could be a misleading hiccough.

More banks cut their prime rate from 12 per cent to 11½ per cent, but the decline has become hesitant in the last fortnight because of mixed trends in the credit markets. A lot of banks are sticking at 12 per cent for the time being.

The interest rate outlook should become clearer next week when the Fed's policy-making open market committee holds its regular monthly meeting. The general expectation on Wall Street is that it will try to bring short term rates down a bit further. This would give the credit market the new sense of direction it rather badly needs.

The busiest stocks this week were computers, airlines and some defence-related issues. Warlike talk in Washington and some sizeable military appropriations accounted for the latter. The airlines' improvement came from a low base and probably reflects the market's belief that the industry has hit bottom for this cycle. The big airlines still expect to report drops in passenger miles and earnings for the next quarter or so, but the far-sighted could also claim to discern the upturn later this year.

The more volatile issues included precious metals as gold and silver prices bounced around. The oils also lost some of their strength as analysts began to size up their earnings prospects at mid-year. These suggest that while profits will still be huge, those percentage increases of 100 plus or more are past history now because year-on-year results will include the spectacular increase in 1979.

On the takeover front, most of the action seems to be in the rather unlikely world of Californian savings and loans. H. F. Ahmanson, the largest such institution in the U.S., made a $137m offer for Fidelity Financial Corporation, the third such bid in the state in recent weeks. The takeover wave is partly due to the upheavals caused by the recent record interest rates, and partly by regulatory changes designed to increase competition. It later transpired, though, that the Ahmanson offer may have been leaked, and the New York Stock Exchange launched an inquiry.

J. Ray McDermott, the large engineering concern and parent of Babcock and Wilcox, makers of the Three Mile Island nuclear plant, made a diversification move by offering to buy 20 per cent of Pullman, the transport engineering company, for $28 a share. But the market clearly thought this was not the end of the story because it quickly bid Pullman shares up to $33.

A notable gainer this week was Colgate Palmolive which finally found a buyer for its troubled Helena Rubinstein subsidiary — though at a give-away price. A couple of New York businessmen got the company for $20m, compared to the $142m Colgate bid for it seven years ago. They also managed to wring generous terms in the form of instalment payments and debt guarantees from Colgate which made it plain that the consumer products giant was thankful to be rid of what had become an acute embarrassment. Colgate shares gained nearly $1 the next morning.

Monday	867.92	−13.91
Tuesday	872.27	+ 4.35
Wednesday	876.02	+ 3.75
Thursday	888.91	+12.89
Friday	Market closed	

UNIT TRUST AND INSURANCE OFFERS

FINANCE AND THE FAMILY

Survivorship and an estate

BY OUR LEGAL STAFF

Is it correct that in the event that the whole of the estote of a deceased person is held jointly with a surviving spouse it passes automatically to the survivor without formality other than the production of the certificate of death where reqnired?

If so: (i) assuming that there is a will is there ony need for the survivor to obtain probate? (ii) as only the surviving apouse would he concerned would any return or account he required by the capital taxes office? And, if so, (iii) would any such account have to include the whole or only one half of the jointly owned assets?

Provided that the beneficial interest is held as joint tenants and not as tenants in coolmon, survivorship will effect all that is needed and a certificate of death should suffice.

(i) No.

(ii) Yes, an Inland Revenue Account is still required showiog

(iii) the beneficiol interest which passes, that is the half share. In practice it may be difficult to satisfy third parties that there has heen no severonce of an equitable joint tenancy.

No tax relief on premium

My wife paid a retirement pension premium of £150 on part-time earnings of £1,000 for the year ending April 5 last. When I applied for a tax refund based on our joint income of ahont £10,000 I was informed by the Tax Office that no refund is due since my wife did not pay income tax on her £1,000.

Does this mean our incomes are joint for some tax purposes, but not for refunds on my wife's pension paymeots?

Your wife's retirement annuity premium of £150 reduced her ossessable earnings from £1,000 to £850 (under subsection 1 of section 227 of the Income and Corporation Taxes Act 1970, as ameoded by the Finance Act 1971). Since the tax bill on her 1979-80 earniogs is nil, whether they be £1,000 or £850, or indeed £1,165, the payment of the RAP cannot produce any tax relief (any more than if she had been a member of a contributory pension scheme).

Pensions and refunds

I have recently been made redundant os a result of the disposal of parts of its husiness by the company I have been employed by for the past 10 years. Regarding the company pension scheme a statement has been provided by letter that interest on my contributions, which are being held pending transfer to my eventual next employer, may be paid, hut only at the discretion of my past employer following discussions between the two pension funds involved at the time. Contributions made in my name by my previous employer will not be credited to me.

In the context of redundancy these appear to me to be Inequitable rulings. Are they normal and accepted practices?

You do not refer to your optioo to take a deferred pension payable from your oormal retirement age hut merely a refund of contributions. If you leave the pension scheme after five years service and are over 25 you will automatically he entitled (under the terms of the 1973 Social Security Act) to a deferred pension based on the combined contributioos of your employer and yourself.

Pensions legislation has heen framed to do everything possible to discourage employees from dissipating their pension rights by taking refunds of contrihutions. Ioland Revenue Pension Rules for example will normally prevent you from retaining the right to aoy benefit based on your employer's contrihutions if you take a refuod. Similarly aoy sum transferred from your previous employer must be forfeited.

In these circumstances, it would he sheer folly on your part to elect a refund and not a preserved pension. It may be possible when you find another job to have this deferred pension converted to a transfer value if your new employer has a suitable scheme to which this transfer value can be paid.

Common law husband

For the past five years my daughter has hod an associotion with a morried man, now divorced. In the meantime she has been left o substantial sum of money. In addition, she has an earned income of £12,000 per year, which is ahont the same as her companion earns hefore maintenance payments he makes to his former family. I am concerned that in the event of the relationship breaking up in due course her companion may be regarded as a common law husband with rights over her income and capital. Do you think this is possible?

We think that a person in the position of the man whom you describe would not be in a position to make claims on your daughter's finances, whether income or capital. If your daughter were maintaining him to any material extent be could conceivably make such a claim after her death under the Inheritance (Provision for Family and Others) Act 1975; but not in the circumstances you describe, and in ony event not during her lifetime.

An equitable easement

I have an agreement with a neighbour (who has recently died) whereby I am allowed to cross his land (a roadway) with my car in return for a yearly rental payment. The agreement contains a termination clause of one year's notice on either side. The property is to be sold shortly; is the agreement binding in any form on the new owner?

Your agreement constitutes an equitable easement and will bind a purchaser if you register it at the Land Charges Registry before the servient land is sold.

Domicile and capital transfer tax

1) In your opinion would I be obliged to pay capital transfer tax if I dispose of my UK stocks and shares to my Jersey settlement, except of course at the existing exempt rate of £2,000 per annum?
2) Would the situation he different if I disposed of my foreign stocks and shares held outside the UK to my Jersey settlement, bearing in mind that I reside in the UK and enjoy a foreign domicile?

We think that there would be a charge to tax in the circumstances which you describe at (1) but not at (2) if it is indeed the case that you are not domiciled in the UK in the sense in which domicile is nnderstood in English Law.

Enforcement

I am a trustee of a local sporting club and there is a move afoot to improve the sanitary arrangements in the club premises. It is thought that planning permission may well not be granted. If we go ahead without permission and it is discovered by the authorities, who will they prosecute, the committee or the trustees? What should we do?

It is the trustees who are ultimately responsible, as the owners of tha legal estate in the land. However, the risk which arises is, in practice, not one of prosecution, but of an enforcement notice requiring the removal of the structure for which planning permission should have been obtained. You should procure the committee to undertake with the trustees to carry out at their or the club's expense any works required to he done in consequence of an enforcement notice.

CTT Error

Our reply under "CTT error to be rectified" (April 5) was erroneous. The executors were right, both for CTT and the income tax certificate on the residuary income, namely, that the whola of the building society interest was properly attributed to the residuary legatee as income and that the amount apportioned to the capital statement was not deducted.

The income tax rules for residuary legatees are to be found in sections 427-433 of the Income and Corporation Taxes Act, 1979, as amended. Only for the purposes of excess liability (higher rate and additional rate tax) is the residuary legatees deemed income reduced by the appropriate amount of CTT, grossed at the basic rate — under Section 439, as amended.

No legal responsibility can be occepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post os soon os possible.

Best sort of pension

My son-in-law is giving thought to his eventual pension position. He will have his firm's pension which is compulsory and contracted out of the olternative Government scheme, it is not transferable and should he leave his post the pension so far earned will he preserved to normal retiring age—65. His firm also arranges a voluntary scheme to hoost the main pension, hut not again transferable. He feels that a private pension plan maturing at 60 years might he a better choice. What please is your view?

You talk ahout a "private" pension as opposed to joining a company plau. By this we assume you mean a self-employed policy.

It would be folly for ao employee not to join a company pension plan. Most company plans provide pensions based on final salary and hence provide some protection against inflation. On average company contributions to pension plans are twice the contributions paid by employees. An employee who fails to join a company plan misses out on this important part of his remuneration.

Most company plans are compulsory as a condition of employment for new employees because in the absence of compulsion some young employees would fail to join in order to save paying contributions and then complain later because they have poor pensions or their wives and families would suffer hecause the employees would not be covered for death benefits, widow's pensions, etc. In practice many employers will make exception to the compulsory entry condition for what they regard as genuine "nut-cases."

Your point about pension funds not being transferable is no longer appropriate. Since 1975 employees leaving a job after five years' pensionable service (if they are then over age 26) are legally entitled to preserved pensions. A high proportion of employers will pay a transfer value as an alternative to a preserved pension where the ex-employee joins a scheme approved by the Inland Revenue and capable of and willing to receive such a transfer.

INSURANCE

Warts and all . . .

INSURANCE
JOHN PHILIP

READING an article by Mr. Greville Janner MP, I was startled to see him suggesting that many buyers of holiday travel cover run the risk of having claims repudiated, through ignorance of their legal obligations.

Mr. Janner was criticising the rules requiring the buyer of insurance to disclose material facts—and, incidentally, commenting on the way much holiday travel cover is sold. "No one asks you," he said "whether or not you have ever made a claim on a similar policy in the past."

This, I think, is true—none of the insurance sections of the tour operators' brochures contain any such questions, any more than do the individual proposal forms that insurers issue to non package travellers.

Mr. Janner went on to assert that if you have made a claim in the past, and not told your insurers, because you have not been asked "your insurers will most certainly be entitled if they see fit to repudiate liability . . ." if you now have to claim.

In 30 years I have not heard of any insurer turning down a holiday travel claim simply because of the traveller's failure to disclose his previous travel claims history. Mr. Janner has got his wires crossed.

The proposer's previous claims history is the subject of inquiry in most proposal forms—for motor and household policies, for insurance on valuables, for personal accident insurances and so on.

The detail required, of course, depends on the underwriting yardsticks used by the individual insurer, but most claims questions evidence a common line of inquiry: for example, the average private car proposal form enquires about claims made in the last three years, with cost allocated to repairs of damage and to third party claims.

In asking for the proposer's claims history insurers are trying to ascertain whether he is a normal, an above or below average risk. Quite apart from NCD considerations, the motorist who has made a claim in each of three years is quite clearly below average (for the average private motorist makes a claim once in six to seven years) and therefore needs special consideration.

Insurers will want to check whether his claims have been small ones for damage repairs (in which case an excess rather than extra premium may be the underwriting answer) or large ones for third-party injury—in which event substantial premium may be required if the proposal is to be accepted at all.

Similarly in the household sphere, a claims history on the proposal form may be evidence of an accident-prone or careless home owner/occupier — or that his home is in a high-crime area. Here again insurers are looking for a variation from the norm, and intending to take some underwriting action if sufficient variation is thrown up.

Motor and household policies are issued on a renewable basis, initially for one year, and insurers have a whole series of underwriting rules to deal with individual variations in the risks put to them, to get premium and cover commensurate with those risks.

Holiday travel insurance is sold for short periods — seven or 14 days mostly — and in practice is very differently handled. Most is sold without the completion of any proposal form, and not directly by insurers but by tour operators on their behalf. They merely require the traveller to tick a box in his booking form if he wants to buy cover.

The cover is in immutable form — the traveller pays his £5 or whatever and gets the cover that has been set up. He cannot pay extra premium to double his baggage cover or to have the various excesses removed. He has to take the cover, so to speak, warts and all.

But most insurers take their travellers in the same way. Many impose no limitations on age, no restrictions in respect of pre-existing health defects. On this basis, to such insurers, all travellers are therefore average travellers from the risk viewpoint and insurers are not interested in discovering variations from the norm.

It is immaterial to insurers whether they have been at death's door for many years, and indeed whether they have claimed previously for cancellation, curtailment, medical expenses. Substandard health being immaterial, the claims that have been thrown up are even less in point!

Moreover, in this class of business, insurers and their intermediaries have chosen for marketing reasons to do business without proposal forms—without any risk details.

Having regard to the intent rather than the strict words of the statements of insurance practice, it seems impossible that any insurer not using any proposal form would now seek to deny a holiday travel claim on the ground that masked questions had not been answered.

Is it just like old times?

MINING
KENNETH MARSTON

"THINK OF a number. Buy it and wait a few days while it grows. Then sell at a profit. This is the easy money game that they are playing Down-Under in the speculative Australian exploration stocks."

Those were the words with which I began this column back in November 1969 when the Australian nickel exploratioo boom was raging. I added: "And when it ends, holders of the high-flying companies whose assets amount to little more than hope will come down to earth with a thump." They did, in a field of near-worthless share certificates.

Are we seeing the Poseidon-led hoom all over again? Certainly there are similarities. Company registrars are overwhelmed, just as in the old days, by the share transfer work arising out of the explosion of a feverish demand for Australian mineral issues. It is coming from all quarters, Hong Kong, Singapore, the U.S., UK and Europe.

Eveo many of the companies that were involved in the last boom have reappeared on the scene, alive aod well after their long hibernation in the woodwork. This time, however, they are riding on new bandwaggons, notably oil and gas, coal and gold. And if the pending quarterly report from the Ashton prospect comes up to expectations, the diamond hopefuls will again spring to life.

There is, however, a major difference in the latest hoom. Last time it was based largely on what the Australians call "Blue Skies," that is on hopes and animated conversations in the bar of the old Palace Hotel, Kalgoorlie, rather than on firm discoveries.

Ironically, apart from Western Mining's Kambalda find, and that of Selection Trust at Spargoville, Poseidon was the only nickel explorer at the time to make a fairly major discovery of nickel (at its Windarra property) and this did not stop Poseidon eventually taking a trip to the Receiver. The rest of them had little of substance and when the nickel market faded, so did they.

This time the boom has been fuelled by a wider range of discoveries, notably in the energy field. Companies such as **Central Pacific Minerals** and **Southern Pacific Petroleum**, for example, with their Rundle oil shale project and deal with **Exxon**, **Woodside** with its offshore important oil finds. **Strata's** onshore gas discovery. **Santos** and **Vamgas** with the oil shows in the Cooper Basin. **Greenvale** and **Esperance** with their oil shale prospects.

Valiant's gold find looks interesting and so do those of others while the rising price of gold has also focussed attention on the mines which are now producing the metal such as North Kalgurli. Poseidon, now a dividend-payer, is receiving revenue from its 47 per cent stake in Kalgoorlie Lake View which, in turn, owns 52 per cent of the gold-producing Kalgoorlie Mining Associates.

Of course, the Australian gold companies are highly priced alongside those of the big South African concerns, but the latter have to live with a domestic political problem which shows little sign of improving. Australia offers political stability, albeit with difficult labour relations, and has the great advantage these days of abundant energy supplies.

Important though these advantages are for the future, the fact remains that the Australian mineral share market is building up a powerful head of steam which many observers feel must soon test the safety valve. A market shake-out, if only temporary, cannot he far away.

I am not writing off this boom, which has a good deal of underlying substance, and nor am I going to recommend any of the exploration stocks—it has to he a personal choice because nobody can tell which of them will finally succeed or fail—but I feel that it may be time to sound a note of caution.

Eleven years ago I said: "If you reap a profit it could be an idea to reinvest it in the better-class Australian mining stocks. These are overshadowed by the rush for high-flyers, but they will still be making solid progress in the gap between the current boom and the next."

That advice seems to apply today except that I would qualify it by suggesting that profits should be taken on only part of the holdings of the speculative issues. Australian mineral development is on the brink of an exciting new era.

Mind you, South Africa should not be written off despite the domestic political problems. The country may not have oil, but it is rich in virtually every other mineral resource and if you have gold aplenty you can buy oil—or make it from your own coal.

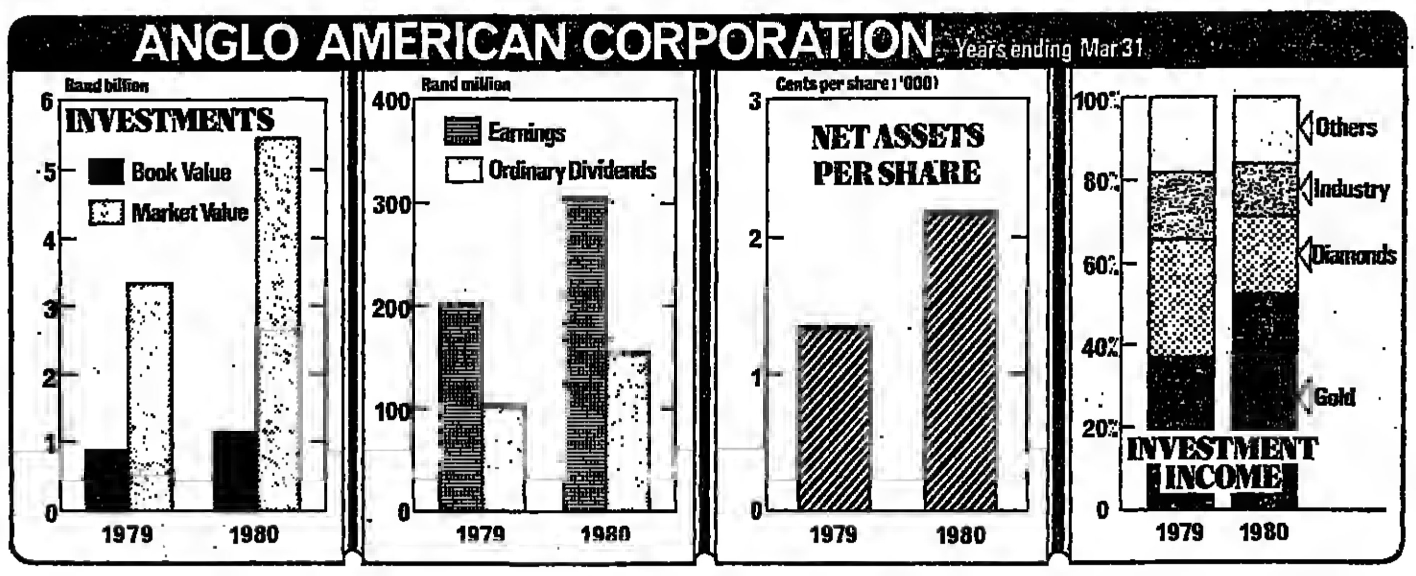
Like Australia, South Africa has the wealth to live through the present economic recession more comfortably than other less fortunate nations. And on this basis the giant **Anglo American Corporation**, which has issued its latest 70-page annual report this week, looks to be heading for a new record profit this year.

Unless something quite unforeseen happens, gold prices this year are going comfortably to exceed the 1979 average of $307 per troy ounce. Last year gold interests accounted for 52 per cent of the Anglo's income from investments which had a total market value of some R5.42bn (£3bn). Diamonds came next with 19 per cent and were followed by industrial interests with a 13 per cent contribution.

This year the gold revenue should expand afresh while that from diamonds should be at least maintained despite the turn-down in the diamond market as the coming half-year world sales figure will show. But the important South African industrial side of Anglo's activities should again do well.

Anglo says of the South African economy: "There can be little doubt that the 1980 Budget will lead to a marked acceleration in domestic demand and judicious use of existing abundant financial resources should enable this growth to be sustained for some time despite deteriorating world economic circumstances."

Gold is the key to this. If you took this column's recent advice to take part of your good profits on South African gold shares and leave the rest to run you should have no real fears. If you didn't the opportunity still exists. Similar advice, I suggest, to that for the Australian boom issues: take a bit and leave a bit.



YOUR SAVINGS AND INVESTMENTS

Tim Dickson looks at a £2.8m unit trust takeover

Britannia rules, OK

PRIVATE INVESTORS, it is sometimes wryly remarked, don't really care who looks after their money . . . provided, of course, they make a healthy profit.

This observation may well be true, but at least two sets of unitholders will now be pondering the outcome of last week's agreed £2.8m takeover of Schlesinger Investment Management Services by Britannia Arrow.

The merger, which creates a group with total funds of more than £400m, was not entirely unexpected. On the one hand, Britannia Arrow, which was formerly Slater Walker Securities, has made no secret of its plans to expand its financial services activities. (Indeed, it almost entered the bidding for Target Life's parent Dawnay Day, controlled by Rothschild Investment Trust.) On the other hand SIMS, which was formed in 1973 by Mr. Peter Baker but controlled until this week through an 80 per cent shareholding by the private company S.E.I., has, like many competitors, been worried by the chill economic wind of poor unit trust sales.

As is the way with unit trust operations, however, unitholders have no choice but to accept this sort of metamorphosis or vote with their feet.

In the short term Schlesinger unitholders are likely to notice few, if any, changes under Britannia's control. The two groups will continue to run side *by side and the 38 individual* authorised unit trusts and 16 unauthorised offshore funds will still be managed by the same investment teams. Over the longer term, however, the sheer size of the operation makes significant changes inevitable.

Take the number of funds, for example. In itself there is nothing wrong in offering a wide range of vehicles but there is now considerable overlap in some of the funds' objectives, such as those invested in investment trusts, "extra income" stocks and North America.

As Mr. Stuart Goldsmith, Britannia's investment director, points out: "The management has no immediate plans to merge any of the UK funds, though it is recognised that this may be necessary at a later stage."

He adds: "Such mergers will only take place after full consultation with unitholders and with their approval."

Unitholders can expect little action on this front for at least a year. Apparently the first move is to identify the funds likely to be merged and then ensure that they have a common trustee. Funds held in common trusteeship for at least 12 months can be put together without the payment of stamp duty on the transfer of assets.

Britannia, of course, has plenty of experience in this field. As recently as 1976 the group controlled 44 individual trusts following the purchase of the Jessel and National funds in 1974/75 from the receivers of Jessel Securities and Triumph.

Thanks to 11 separate merger schemes, including one involving no less than six of the old National Trusts, the 44 were slimmed down to Britannia's present total of 23. Only time will tell if the pruning needs to be so savage this time.

If past performance is anything to go by, the issue of whether Schlesinger unitholders will be better off under Britannia is not entirely clear cut. Britannia's reputation, of course, is sky high at the moment following the success of its energy and commodity related funds, which took first three places in the 1979 unit trust performance tables.

Some of this success must go down to good luck—nobody else had so many trusts in what turned out to be easily the strongest sector last year — though overall the group's showing in 1979 was extremely impressive.

Schlesinger's reputation in the City, on the other hand, is (perhaps unfairly) that of a group which is expert in marketing its products but not so good as getting results. Over the years there is certainly evidence to support this view though the latest figures from the magazine Planned Savings reveal a significant improvement over the past 12 months.

Over the three and four years to July 1 no Schlesinger fund beat the FT All Shares Index, whereas the success rate at Britannia during those periods was 12 out of 22 and seven out of 20 respectively.

Over the past two years Schlesinger's record is again poor, with the group only beating the FT All Shares Index in two out of 11 cases (eight out of 22 at Britannia). But in the past 12 months, with the help of a couple of new specialist funds, as many as seven out of Schlesinger's current total of 12 beat the FT All Shares yardstick. (Britannia scored a creditable 13 out of 22).

Key to unlocking the little man

Private investors are traditionally reluctant to put money into small private companies because they fear they may never be able to sell out in the future. This is a point which has been taken up by the Association of Independent Businesses *in a memorandum to the Department* of Trade and which this week has been taken to heart by the Government.

The Association argued that if such companies were permitted to buy their own shares — something expressly forbidden under UK company law at present—a greater number of unlisted independent companies would be able to continue in separate existence, and additional investment in them would also be encouraged.

A positive response from Mr. John Nott, Trade Secretary, has not been long in coming. This week he announced that Government wants to grant companies powers to buy their own shares as part of the Companies Bill, which will be laid before Parliament around Christmas.

As a first step he has published a Green Paper, *The Purchase by a Company of its Own Shares*, which outlines the possible ways in which both private and quoted companies might be given such a power. It also discusses some of the safeguards.

That would be needed to prevent tax evasion and price manipulation.

Although the paper discusses the particular problems of public companies in buying their shares, its main thrust is the encouragement of greater flexibility in small companies, which Mr. Nott describes as the country's industrial "seed corn."

Professor Jim Gower, author of the paper and the Department's research adviser on company law, outlines two main possibilities.

In line with the interim report by the Wilson Committee on the *financing* of small businesses, Prof. Gower suggests that private companies be allowed to issue redeemable equity shares so long as they also had another class of irredeemable equity. They would only be allowed to redeem the new shares out of profits, or an issue of new capital.

No shares could be repurchased out of capital because this would lead to a decrease in the company's capital base and could seriously undermine creditors' rights in the case of a collapse.

A broader approach would be simply to allow private companies to repurchase shares, a facility already available to partnerships which have the right to buy out a retired or deceased partner.

So long again that such purchases were made out of profits, Prof. Gower sees no reason for preventing them. They could be particularly useful in cases where one member of the company wants to get out but the continuing members have neither the money to buy him out themselves nor the willingness to let him sell to a third party.

Detailed safeguards would be needed to ensure that a fair price was paid, all members of the company knew about the purchase in advance and had approved it, and that no advantage was taken by either party of confidential "inside" information they might have.

Under present tax rules members of private companies who sold back to their company would usually be at a disadvantage compared with a simple sale to a third party. So the use of the new facility will depend heavily on the amenability of the Inland Revenue.

So far the tax men have not been brought into the discussion. Mr. Nott wants to see the principle debated widely for the next three months in order to ascertain the facility is popular and how it needs to be safeguarded.

Proposals to overturn the current prohibition in company law would then be included in the next Companies Bill, which is aimed for the next Parliamentary session. Only if the fundamental law is changed will the Inland Revenue be asked to amend its tax laws to recognise the change in company law.

Much therefore depends upon the alacrity and enthusiasm with which the Green Paper is debated. Comments should be sent to the Department of Trade by the end of September.

Christine Moir

Target leads the field

A NEW style tax-efficient income bond came quietly and unexpectedly back on to the market this week, with Target Life leading the field.

But while the bond cleverly gets round the likely objections of the Inland Revenue, there are a couple of disturbing features about this latest launch.

The Chancellor in this year's Budget effectively clamped down on ultra-high yield short term income bonds which made artificial use of life assurance tax relief. Provision for this is contained in Clause 29 of the Finance Bill, but Target has not waited until these proposals reach the statute book.

The market demands for high income apparently remains strong and with interest rates falling, time is not on the side of the life companies.

The framework of the new scheme is no different from that of the old style income bonds. The investment period is four years and there are four pure endowment contracts acting as "feeder" policies to a 10-year endowment assurance, which qualifies for life assurance tax credit. The difference lies in the benefits provided under each contract.

Target's actuary, to conform with Clause 29, has calculated the costs and benefits provided by each policy quite separately.

The net result is that the return offered by the bond is only a point or so higher than those bonds which use the single premium endowment route, or the annuity endowment format.

The actuarial calculations are taken to the point where there is a variation in yield according to the investor's age, ranging from 11 per cent net for the under-59 to 12.7 per cent for age 80 or over.

The trouble is that Target has emblazoned on the front of its leaflet: "Investment returns available today . . . up to 12.7 per cent p.a."

Admittedly, inside the leaflet, the company has given a very full simple and detailed explanation of the variation in yields and how the bond works. But I feel that the cover is highly misleading and that the company should amend it.

The second disquieting feature is much more fundamental. The effectiveness of this scheme depends on the endowment assurance contract being accepted by the Revenue as qualifying for tax reliefs. Although, from the terms of the bond, it is apparent that the company has done everything to conform with Clause 29, it has not taken the obvious step of asking the Revenue for approval.

The first the Revenue knew that such bonds were back on the market was when we asked them to comment. Target admittedly has no legal obligation even to inform the Revenue of its actions, neither is the Revenue obliged to give its views on any tax situation ahead of the launch.

It would appear, however, that the company has to market the bond, and if the Revenue considers that it does not conform to Clause 29, then it disallows tax relief. Not much help to the policyholder who has bought in good faith.

In this case, there is no doubt that the Bond will not suffer in this respect, though the Revenue will not state categorically that it approves. Perhaps the lack of official approval will ensure that actuaries keep well to the right side of what is acceptable.

But investors need to know absolutely when buying a bond that it has Revenue approval. This is something the Life Offices Association needs to take up, even though Target is not a member.

E.S.

A lifeline that really works

INSURANCE
ERIC SHORT

THE GOVERNMENT'S rescue scheme for investors holding contracts with life companies which run into trouble has now been in operation for nearly five years. This week the Policyholders Protection Board, which is responsible for running all these rescue operations, published its annual report for the 12 months to March 31, 1980.

So now is the time to consider how the whole set-up is working.

The scheme was set up under the Policyholders Protection Act 1975 and guarantees that policyholders with failed life companies will get at least 90 per cent of their policy benefits. The cost of these rescues is borne by the entire life assurance industry through a levy by the Board (not exceeding 1 per cent of premium income received in the year of the levy) on policies taken out from 1975.

The need for such a scheme was highlighted by the failures in 1975 of Nation Life, London Indemnity and General, and certain other companies. Trusting in the good name acquired by the life assurance industry and lured by enticing advertisements, savers had invested in life companies which for one reason or another got into trouble during the 1974 bear market.

The Policyholders Protection Act is the usual story of the Government shutting the stable door after the horse had bolted. The Act came into force too late for the policyholders of Nation Life—whose harsh treatment has been followed in these pages.

Nevertheless, the traditional life companies bitterly opposed the scheme. They supported the idea of rescuing policyholders, though some individuals muttered that it served the victims right for being greedy or naive. These life company representatives felt the costs should be borne by taxpayers, not other policyholders.

It was also thought that the presence of a rescue scheme would encourage life companies to be reckless in their operations and lavish in their promises

These fears were understandable but in practice have turned out to be groundless. The operations of the Board since inception have been impeccable.

The practical problems that arise when a life company runs into trouble are complex and it takes months to sort out the legal position. In the meantime, policyholders could be left wondering and waiting for their benefits, possibly incurring financial hardship.

Since 1975, the Board has been involved with two companies that ran into difficulties —Fidelity Life and Capital Annuities. In each case its first action was to establish an interim payment scheme to ensure that policyholders received some money while the position was sorted out.

The Board was active in ensuring that the U.S. owner of Fidelity Life met its responsibilities and eventually it was agreed that the company would run down its existing business. Norwich Union provides the investment management and the financial arrangements made with Fidelity's U.S. parent are guaranteed by the Board.

Although the Board has a duty to ensure continuity of contracts, it could have pulled out of the negotiations at an earlier date, allowed Fidelity Life to be put into liquidation and financed a rescue scheme. This could have been done by levying the life assurance industry. But as yet, it has not paid one penny towards Fidelity Life.

With Capital Annuities, there was no alternative to liquidation. In 1977 the Board made a levy of ¼ per cent, raising £1.5m to finance the rescue.

Policyholders in Capital Annuities assigned their liquidation rights to the board in return for being guaranteed 90 per cent of benefits.

The rescue of Capital Annuities is proceeding smoothly. After the due processes of liquidation, the Board has received one interim dividend from the liquidators plus an advance payment of the next dividend, during the past financial year. This has been sufficient to meet the Board's financial requirements and no levy is expected for the current year.

PROPERTY

Our sporting life

BY JUNE FIELD

THE IDEA of owning a forest, driven grouse moor or beat on a well-known river is probably the dream of everyone ioterested in the sporting life.

Although the capital sum required is substantial, it may be comforting to realise that a reasonable salmon fishery can be bought for the price of a four-bedroomed house near the centre of London, says Mr. Guy Galbraith, partner in Savills. He considers that in this country we are sitting on a sporting paradise.

Properties with sporting rights are much in demaod, even though the investment return is not particularly high. "A buyer must assume that his net yield will be minimal, and indeed he may be lucky if the income covers the cost of expenditure." Mr. Galbraith admits, conceeding that net returns on present capital values indicate that ao investment in grouse and deer if fully exploited will show up to 1 per cent: the only sporting asset to show a substantial return is a first-class salmou fishery, which may yield up to three per cent.

It is still the British who are the principal buyers of Scottish sporting estates, with many of the Dutch, who were strong investors on a speculative basis a few years ago, turniog over their holdings.

The method of buying sport in England and Wales differs from Scotland in that sporting rights can be severed from the land over which it is enjoyed, and sold separately. In Scotland, sporting rights cannot be divorced from landownership except by leave, with the single exception of migratory fishing rights. (Migratory fish are defined as salmon and sea-trout, with trout fishing rights belonging to the owner of the river or loch bed.)

Sporting estates cannot be valued on a price per acre like agricultural land, but are normally valued on the average annual "bag." The valuer collates what is taken on the estate in the way of red deer, stags or hinds, salmon and sea trout, grouse and ptarmigan, and assesses whether the bags are the result of extensive or intensive shooting.

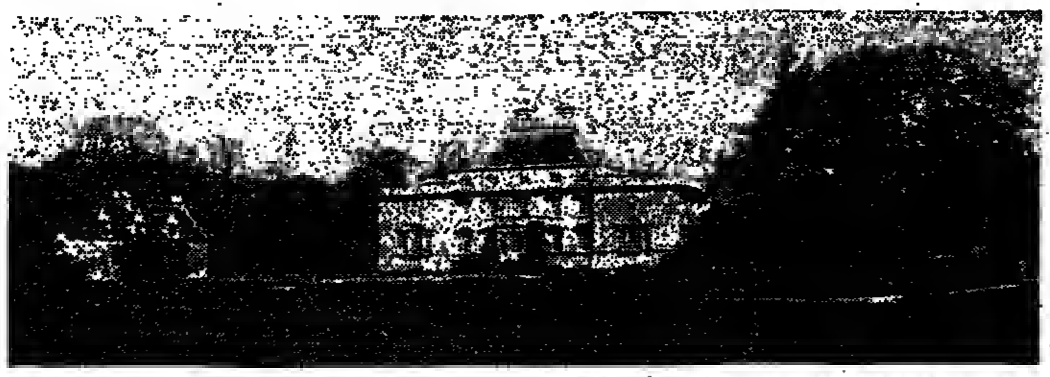
The question of accessability, management and maintenance liabilities are assessed before a final figure of value is fixed.

Valuation of deer forests is by taking into account the annual average cull of stags. "Local knowledge is vital in analysing the bald returns of a game book," Mr. Galbraith insists. "Many so-called deer forests are merely sheep farma from which a number of stags are shot in the last two weeks of the season."

Stags are valued between £6,000-£8,000 per beast, with salmon as low as £500 on a spate (short) river subject to quick floods, and up to £1,500 per fish for salmon on well-known rivers such as Dee, Tey, etc., Mr. Galbraith says, pointing out that a driven grouse moor can be valued at the rate of £450-£500 per brace.

"Moors which are less productive and normally referred to as 'dogging moors,' where grouse are 'walked up,' would be valued at a lower rate of say £250-£350 per brace."

It is his view that sporting estates where the farming is in band, are not sold at a proper premium. "The fact that a proprietor can carry on a trade and therefore set off some running costs, is vital to the future viability of such estates."



Culverthorpe Hall, near Grantham, Lincolnshire, a listed Grade I 17th century house, has a 54 foot reception hall, seven bedrooms, four bathrooms, a library and a three-bedroom apartment, plus a secondary house (let), cottages, hard tennis court, heated swimming-pool, and stable yard with 14 loose boxes. It is an agricultural and sporting property with an arable and dairy farm, two lakes stocked with coarse fish, and wide hedgerows, spinneys and woods contributing to good game cover. The whole package covers 1,220 acres (492 hectares), including the village of Culverthorpe. Details, Charles Bailey, John German Ralph Pay, 127 Mount Street, London, W1

Savills is selling a Highland estate in Iovernesshire, 2,133 acres with salmon and sea trout fishing, stalking and rough shooting, plus a home farm, estate cottages and a six-bedroom, four-bathroom Georgian house with views over loch and mountains. Earlier this century the house was the home of author Muriel Marston Crawford. (Inquiries Mr. Galbraith, Savills, 20, Grosvenor Hill, London W1.)

On the Scottish Borders, 50 miles from Edinburgh, Savills and John Sale and Partners, Dumfries, were selling Glen Douglas, a 47-acre estate with a late Georgian five-bedroom, three-bathroom house, lodge cottage and three to four miles of fishing on the River Jed. Something in the region of £190,000 was being sought.

The London and Brechin offices of Savills are offering the Pitmain Estate, Kingussie, which is owned by the Cremer Oil Company, based in New York. The whole place extends to 12,222 acres and you can take your pick from driving grouse on the moors (average annual bag 362½ brace), stalking in countryside that rises 3,000 feet above sea level, and salmon fishing on 1¼ miles of the River Spey.

Included in the asking price in excess of £500,000 are two farmhouses, four cottages and the Kingussie Golf Club, which is subject to a lease until 1991.

There is a golf course (let), included in the Adare Manor Estate, Co. Limerick, which has just come onto the market through Cooke and Arkwright, Cardiff, Aston, Deller and Morgan, Limerick, and Knight Frank and Rutley in London.

Home of the Earls of Dunraven, it is a residential, agricultural and sporting estate of 1,000 acres including a Georgian mansion, and salmon and trout fishing plus a pheasant shoot.

Knight, Frank and Rutley, who recently sold the Victoriao baronial-style Killean Estate, Argyllshire, also has a 3,000-acre deer forest on a west coast island coming up for sale through Mr. H. J. Stevens of the firm's Scottish office, 2 North Charlotte Street, Edinburgh.

J. M. Clark and Partners, 14 Priestpopple, Hexham, Northumberland (0434 605441), was selling an agricultural sporting and forestry estate in about 130 acres adjoining the North Tyne, with salmon and trout fishing and a pheasant shoot, plus a service flat and cottage. The firm also offered a grouse shoot in the South Tyne Valley, 2,400 acres of moorland capable of producing average bags of about 250 brace per person.

If you just waoted a small three-bedroom Jacobean farmhouse in 2½-acres with fishing rights in the Vrynwy for nearly half a mile and some shooting over a duck pond, there was one for sale on the Powys/Shropshire border. Details, if still available from Mr. Alan Daborn, John German Ralph Pay, 43 High Street, Shrewsbury (0743 69661).

There was an option to buy a cottage for reoovation with the Corohill Beat on the River Carron by Ardgay, Ross-shire, where the fishings on the Gledfield Pool extend to a mile of the north bank. (Details Renton Finlayson, Estates Office, Bonar Bridge, Sutherland.)

A magnificent Georgian manor house designed by James and John Pain, who were trained by Nash, is part of the 1,000-acre Adare Manor estate, Co. Limerick, Ireland, home of the Earls of Dunraven. It is on the market for the first time in 250 years, for sale by private treaty as a whole or in lots through Knight, Frank and Rutley, 20 Hanover Square, London, W1, Cooke and Arkwright, 7-8 Windsor Place, Cardiff, and Aston, Deller and Morgan, 65 O'Connell Street, Limerick.

The Dalreoch Estate, Stinchar Valley, Ayrshire, extends to 912 acres, and is mainly a stock farm with about 210 acres of fertile riverside land, with the annual average catch on the river 103 salmon and 120 sea trout since 1958. The 40 acres of woodland form the basis of a good small shoot. Details Savills, 20 Grosvenor Hill, W1.

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COMPANY NOTICES

RAND MINES, LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

PAYMENT OF COUPONS

With reference to the Notice of declaration of dividends advertised in the press on 9th June, 1980, the following information is published for the guidance of holders of share warrants to bearer of the undermentioned companies. The dividends were declared in South African currency and dividends payable from the offices of the Secretaries of the companies in the United Kingdom will be paid in United Kingdom currency on or after 1st August, 1980 against presentation of the relevant coupons at the London Bearer Reception Office, Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ where listing forms may be obtained or at Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris, for payment in French currency.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10 a.m. and 3 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent from the dividends payable in respect of share warrant coupons of the undermentioned companies. United Kingdom income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue declarations. Where such deduction is made the net amount of the dividend will be as shown under:—

Name of Company (Each incorporated in the Republic of South Africa)	Durban Roodepoort Deep Limited Coupon No. 113		East Rand Proprietary Mines Ltd. Coupon No. 118	
Currency	S.A. Cents	U.K. Currency Equivalent Pence	S.A. Cents	U.K. Currency Equivalent Pence
Amount declared in S.A. currency per share	160.00	88.913580	175.00	97.24923
Less South African non-resident shareholders' tax at 15%	24.00	13.337035	26.25	14.58738
	136.00	75.576545	148.75	82.66185
Less U.K. Income tax at 15% (see note).		13.337035		14.58738
		62.239510		68.07447

Secretaries of the Companies in the United Kingdom:
Charter Consolidated Limited
40 Holborn Viaduct, London EC1P 1AJ.
3rd July, 1980

NOTE: Both companies have been asked by the Commissioners of Inland Revenue to state:—
Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividends is allowable as credit against the United Kingdom tax payable in respect of the dividends. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

RHYTHM WATCH CO. LTD.
(Rhythm Tokei Kogyo Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

NOTICE IS HEREBY GIVEN to holders of EDRs that Rhythm Watch Co. Ltd. paid a dividend of Y4.50 gross per share on 26th June 1980 to shareholders on the Company's register at the close of business on 31st March 1980. This dividend has been converted to U.S. dollars and amounts to U.S.$20.48 gross per EDR.

Accordingly, Kleinwort, Benson Limited as Depositary informs holders of EDRs that they should claim their dividends by presenting Coupon No. 6 on or after 7th July 1980 at (a) the office of the Depositary, Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB or (b) the office of the Agent, Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg.

Coupons must be left for three clear business days for examination, and may be presented on any weekday (Saturdays and public holidays excepted) during normal business hours.

Japanese withholding tax at the rate of 20 per cent will be deducted from the gross value of all dividends paid unless the EDR holder lodges, in a form acceptable to the Depositary, an affidavit of residence in a country having a tax treaty or agreement with Japan providing for a lower rate of withholding tax, in which case such lower rate will be applied.

The difference between the amount of withholding tax so deducted and the standard rate of income tax payable in the United Kingdom will also be deducted from all dividends paid to the United Kingdom unless holders of EDRs furnish the Depositary with the usual affidavits of non-residence in the United Kingdom.

KLEINWORT, BENSON LIMITED
Depositary
London.
2nd July, 1980.

SAVE AND PROSPER FINANCIAL SECURITIES FUND

Coupon 118 falls due for payment on 15th July 1980 at a rate of 1.24p per Financial Securities Fund Unit. Coupons should be presented to the Royal Bank of Scotland Ltd., Lombard Street office, P.O. Box 412, 62 Lombard Street, London EC3P 3DE, from whom listing forms can be obtained. Coupons must be lodged by an authorised depositary and left 3 days for examination.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED
14% Debenture Stock, 1993

Notice is hereby given that the Registers of the Corporation's above-mentioned Debenture Stock will be Closed for Transfer and Registration from 18th to 31st July, 1980, both days inclusive.
By Order of the Board
H. J. McTURK, Secretary.
48 Palmerston Place,
Edinburgh EH12 5BR.
4th July, 1980.

INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE $2.50 COMMON STOCK J. P. MORGAN & CO. INCORPORATED

A cash distribution of $0.70 per Depositary Share will be payable on and after the 22nd July, 1980, upon presentation of Coupon No. 30 at:—

Morgan Guaranty Trust Company of New York,
30 West Broadway,
(Corporate Trust Department,
New York).

35 Avenue des Arts, Brussels.

Morgan House, 1 Angel Court, London.

82 Frankrijklei, Antwerp.

at the designated rate, less applicable taxes.

This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. $2.50 J. P. Morgan & Company Incorporated on the 11th June 1980.

PUBLIC NOTICES

BLACKPOOL BOROUGH COUNCIL
£1m Bills issued 3rd July 1980. Maturing 2nd January 1981. Bills issued at 14¼%. Total applications £10m. Bills outstanding £1m.

BUCKINGHAMSHIRE COUNTY COUNCIL BILLS
The Buckinghamshire County Council issued on 3rd July, 1980 £6m Bills due 2nd October, 1980. Tenders totalled £62m. The entire issue was made at 15 43/64%. There are not other Bills outstanding.

CORPORATION BILLS
£20.0m Hants. C.C. Bills issued at 15 33/64%, on 4th July, 1980, to mature 1st August 1980. Applications £52.0m. Outstanding £51.0m.

PLYMOUTH CITY COUNCIL BILLS
£0.5m issued 2nd July at 15 11/32%. Due 1st October, 1980. Total applications £0.5m. Bills outstanding £0.5m.

PERSONAL

LUXURY PRINCESS 32ft Motor Yacht for Hire, business or pleasure purposes, self-drive or crew available if required. Based at Burnham on Crouch. For daily, weekend or weekly rates. Tel. 0621 784055.

ANNOUNCEMENTS

MR. COLIN JOHNSON has been appointed a director of Dewhurst and Partner Ltd. He will take up the post of group managing director on September 29.

CHESS
LEONARD BARDEN

The slow build-up to a win

High percentage scoring with the white pieces against weaker opponents has been a major factor in world champion Karpov's striking run of tournament first prizes and is equally important at lower levels of match chess. The Karpovian grand plan is to use a solid, reliable opening like the Ruy Lopez to acquire space and initiative, build up the pressure slowly, force the pace only if the opponents runs short of time, and always to settle for a small endgame edge rather than permit randomised and obscure complications.

There is nothing basically innovatory in all this. Accumulation of small advantages was pioneered by Steinitz a century ago, while other great players like Capablanca and Fischer also relied on scoring heavily with White and on beating weaker opponents by technique. The difference today is that players of Black rarely choose inflexible defences like the Queen's Gambit or classical Ruy Lopez against masters and prefer dynamic, counterattacking openings. Hence White in turn needs sophisticated knowledge to impose his own middle game pattern.

This week's game, played in the Manor Tyres Open at Bristol, illustrates initiative chess against the King's Indian, one of the most popular replies to 1 P-Q4. White's unusual formation B-Q3, B-K3 and P-KR3 is popular in Romania and Murray Chandler probably learnt it from his recent tournament in Bucharest. The play is easy to understand but one key move from the standpoint of modern technique is 18 R-K3, assuring White command of the only king's side open file in a blocked position. Black is then forced into completely passive defence, and, as the Russians put it, White plays "without an opponent" and prepares at leisure for the final attack.

White: M. G. Chandler. Black: A. Ashby.

Opening: King's Indian (Bristol 1980)

1 P-Q4, N-KB3; 2 P-QB4, P-B4; 3 P-Q5, P-K3; 4 N-QB3, P-Q3.

Normal is the Benoni 4...PxP, but Black is trying to preserve options until it is clear how White will develop.

5 P-K4, P-KN3; 6 B-Q3, B-N2; 7 P-KR3.

It is always confusing for club players to know when to make such a preventive move (against N or B-KN5) and when to avoid it as weakening White's own castled king position. The argument here in favour of 7 P-KR3 is that the routine 7 N-B3, PxP; 8 BPxP, B-N5; 9 P-KR3, BxN; 10 QxB, QN-Q2 favours Black. His knight comes to the outpost K4 with gain of time while the central pawn structure allows fine scope to Black's KN2 bishop. Black's strategy is directed at the Q-side and centre, so White has little to fear from a K-side attack and advancing the RP involves no significant weakness.

7...O-O; 8 N-B3, R-K1? Inaccurate, since White now continues his space-gaining plans unhindered. More active is 8...PxP; 9 KPxP, R-K1 ch; 10 B-K3, when 10 B-R3; 11 O-O! is a promising pawn sacrifice but 10...N-R4 gives Black counterplay with his minor pieces on the dark squares.

9 O-O, P-QR3; 10 P-QR4, QN-Q2; 11 B-K3, PxP; 12 KPxP, N-K4. Missing the last chance for 12...N-R4, but Black expects routine exchanges on the open K-file and an early draw.

13 NxN, RxN; 14 B-B4, R-K1; 15 Q-Q2, Q-B2; 16 QR-K1, B-Q2; 17 B-R6, B-R1; 18 R-K3!

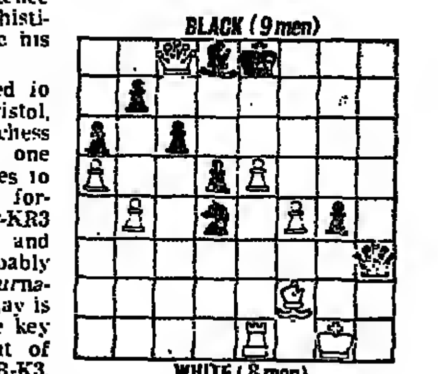
Black is now in a dilemma. If he avoids exchanging rooks, White increases the pressure by either R-KB3 and Q-B4 or R-K1-K2 and Q-K1.

In the game, White's attack down the KB file quickly becomes decisive.

18 . . RxR; 19 PxR, B-K1; 20 Q-KB2, N-Q2; 21 N-K4, B-N2; 22 BxB, KxB; 23 B-B2! (a subtle retreat whose point appears six moves later). R-Q1; 24 N-N5, N-B1; 25 Q-B6 ch, K-N1; 26 P-R5, R-B1; 27 N-K6! NxN; 28 PxN, P-R3; 29 B-R4, K-R2; 30 PxP, Resigns. White emerges a clear piece ahead — a good system to remember against a fashionable opening.

POSITION No. 327

BLACK (9 men)

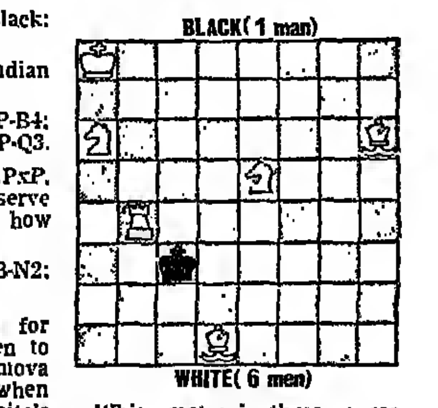


WHITE (8 men)

Nunn v. Bellin, ICL Hastings Premier 1980. White (to move) is threatened with N-B6 mate. How should he defend, and who has the better game?

PROBLEM No. 327

BLACK (1 man)



WHITE (6 men)

White mates in three moves, against any defence (by A. R. Allison, Loughton, Essex).

Solutions Page 12

BRIDGE
E. P. C. COTTER

Low-level doubles game

Doubles of below game contracts, especially those at the two-level, can be among the most rewarding. These doubles are, of course, co-operative, and partner is not expected to leave them in if his hand is unsuitable—either too weak, or too strong.

Let us look first at this hand from a pairs event, dealt by West with North-South vulnerable:

```
              N
              ♠ 10 9 8 5
              ♡ J 10 6 3
              ◇ 6 3
              ♣ Q 5 3
W                         E
♠ A Q 7 4                 ♠ 6 3
♡ Q 2                     ♡ A K 9 8 5
◇ J 8 2                   ◇ Q 10
♣ A K J 8                 ♣ 10 6 4 2
              S
              ♠ K J 2
              ♡ 7 4
              ◇ A K 9 7 5 4
              ♣ 9 7
```

West opened the bidding with one club, East replied with one heart, and South came in with two diamonds. West doubled, East was quite happy to pass, and two diamonds doubled became the final contract. Don't look askance at West's double with only three trumps to the Knave — I have had many a success by doubling with exactly that holding. Of course, West would prefer J 9 x x, but his hand is eminently suitable for the penalty double if partner has the right stuff.

The heart Queen was led, a second heart was won by East, who switched to the six of spades, allowing West to cash Queen and Ace, and then lead the four for his partner to ruff with the ten of trumps. East now returned the two of clubs, West cashed Ace and King, and led his last spade for partner to ruff with the Queen of diamonds. The declarer overruffed with his King, but the Uppercut had promoted two trump tricks for West. When the smoke had cleared away, the declarer was four down for a penalty of 1,100 points.

One can employ doubles of two-bids in the minor suits with more freedom because they do not cost the game if the contract should be made.

The other side of the picture can be seen in this hand which I played a few days ago:

```
              N
              ♠ K 6 4 2
              ♡ 9 7 5 4
              ◇ J 7 4
              ♣ Q 8
W                         E
♠ —                       ♠ A J 10 7
♡ 10 3 2                  ♡ J 6
◇ 10 9 5 2                ◇ A Q 8 6
♣ J 9 6 5 3 2             ♣ K 7 4
              S
              ♠ Q 9 8 5 3
              ♡ A K Q 8
              ◇ K 3
              ♣ A 10
```

At love all East dealt and bid one diamond, I doubled with the South hand, West bid two diamonds, and when this was passed to me, I bid two spades. After two passes East competed with three diamonds. I said three hearts, which my partner corrected to three spades, East doubled, and all passed.

West led the diamond two, East took her Ace, and returned the six to my King. I led the spade three to dummy's King, finding East, as I expected, with all the trumps. Winning with the Ace, East sent back the diamond Queen, which I ruffed. I cashed Ace and King of hearts, and when East's Knave fell, I switched to the trump eight. East took with the ten, and was endplayed. After some thought she led another diamond. I threw my ten of clubs, ruffed on the table, and played dummy's last trump, picking up East's two trumps, to make an overtrick.

East complained that she expected something more from West's raise to two diamonds, but the raise in such circumstances is little beyond a noise—East should have swallowed hard, and passed.

MOTORING

Marina's other name

BY STUART MARSHALL

Marina with a nose bob. The Morris Ital, successor to the nine year-old Marina, has bland but clean styling reminiscent of a Renault 18 or Talbot Horizon.

FRANKLY, the name won't fool anyone. BL calls its latest car the Ital, but it is self-evidently a Marina with a new nose and tail.

The restyling by Ital Design of Turin has given it a bland, anonymous looking front end like a Renault 18s or a Talbot Horizon's; the cleaned-up rear end is remarkably like a Renault 18s, too.

But the doors, the whole centre section of the saloon's cabin and the entire estate car body from the screen pillar back is the same as before. BL has done what Ford did to its Escort four years ago. It has given the Marina a nose and tail bob, refined it mechanically but otherwise left well alone.

One wonders why BL bothered to change the name from Marina to Ital, especially as the car cannot have more than another couple of years to go.

The two-door body has been dropped. Ital buyers have a choice of 1.3 and 1.7 litre engined four-door saloons or estates with three different trim levels.

Main mechanical difference in the 1.3 is an updating (and uprating) of the venerable though reliable "A" series engine. In its "A-plus" guise its output has gone up from 57 to 60.8 hp.

You notice the extra urge straight away. The Ital 1300 HL I tried was so lively I wondered *if I had* got into a 1700 by mistake. Higher gearing made it feel far less fussy at 70 mph than my old Marina 1.3 estate was at 60 mph and third was an excellent gear for rapid overtaking.

BL claims a 10 per cent fuel consumption improvement, too, from 40.6 mpg to 45 mpg at 56 mph, from 30.7 mpg to 34 mpg at 75 mph, which are worthwhile savings.

It was much quieter, because of the use of a viscous coupling for the fan, allowing it to slip at high speeds, and to better sound-proofing. The noise reduction brought about by lavish use of acoustic material all over the body shell is one of the nicest features of the Ital.

It will, I suspect, be particularly appreciated by the high-mileage business motorist to whom only two things really matter—a comfortable seat in a car quiet enough for the radio to be enjoyed on the motorway.

The seats are well shaped though there is still not quite enough rearward adjustment to prevent a really long legged driver from catching his knee on the steering wheel. But they are attractively trimmed in a mix of woven fabric and vinyl in the L and HL models and in a very up-market looking plush in the poshest HLS.

The four-spoke, slightly padded wheel is just like a Cortina's; the instrumentation is as it was in the Marina; and the curved fascia still points the MW/LW radio (standard in HL and HLS) slightly away from the driver.

Externally, the main changes (apart from the nose and tail bob) are plastic bumpers that survive minor knocks unscarred, and rectangular, halogen headlamps. It is the first time they have been fitted as standard to an Austin-Morris car.

The rack and pinion steering is agreeably light but less sharp than one expects. There isn't any lost motion in the steering but the whole front suspension feels a bit rubbery, even though the springs are rigidly-anchored torsion bars, just like the old Morris Minors.

Still, the handling and road-holding are entirely acceptable, given that the Ital will be bought as reliable, economical transport, not for sporty drivers to make ego trips in.

Well over 50 per cent of the 1.25 million Marinas made in the last nine years have been sold in Britain, mainly to fleet operators. The Ital should appeal even more strongly to buyers wanting a no-nonsense, easy (and therefore cheap) to maintain car.

BL says that more than £100 in labour and parts costs at today's prices have been eliminated from the first four years or 48,000 miles of servicing. The 6,000 mile service is now a 60 minute check and oil changes are needed only at 12,000 mile intervals.

These are points that appeal to the financially hard pressed private motorist no less than the fleet manager.

Prices are almost aggressively competitive. They represent a roughly 3 per cent increase on those of December last year, before BL started its 10 per cent discount campaign in a successful bid to shift Marina stocks.

The cheapest Ital is the 1300L saloon (£3,736), the dearest the 1700 HLS estate at £5,048. You pay more (£4,397) for the poshest 1300 than for the basic "L" specification 1700, which costs £3,962.

Less, of course, what you can persuade the dealer to give you by way of discount. As the trade keeps saying, mournfully, there has never been a better time to buy a car.

TRAVEL

Tales of Salzburg

PAUL MARTIN

THREE WEEKS from today the splendid city of Salzburg brings its cultural year to a climax with the first performance of Offenbach's Tales of Hoffmann at the great Festival Theatre. The huge stage was created by tunnelling back into the solid rock of the Mönchsberg.

The festival, running from July 26 to August 31 and now a focal point in the Salzburg year, has existed in its present form since 1920. Then the two founding fathers, Hugo von Hofmannsthal and Richard Strauss—they had earlier collaborated as lyricist and composer of Der Rosenkavalier laid down guidelines that have been maintained ever since.

No European city lends itself better to such a feast of music and drama. The sumptuous setting is one of great palaces built below the towering fortress of Hohensalzburg by the Prince-Archbishops, men who exercised supreme spiritual and secular power until the time of Napoleon.

A major influence in the 20s and 30s was Max Reinhardt who spoke in terms of the whole city as a stage while, in the post-war period, the dominant figure has been Herbert von Karajan who has introduced several new festivals to complement the main summer one.

While some of the operas and concerts are booked out months ahead, there are many other performances. Just as owners of private houses are prepared to accept paying guests during our own Edinburgh Festival, I was assured that the very active City Tourist Office would move heaven and earth to find accommodation for late comers.

The festival still includes regular performances of von Hofmannsthal's *Jedermann* staged in the open air on the exquisitely - proportioned cathedral square but the dominant figure remains Salzburg's most famous son, W. A. Mozart—as it is the continental practise to always use the composer's initials—I will refer to him as W.A. The city and the surrounding district abound with Mozartiana and his birthplace in Getreidegasse has become a place of pilgrimage for music lovers from all over the world.

Until I went back to Salzburg some years ago I was frankly not very keen on puppets. But experience has changed that view.

I was absorbed, for example, by a highly imaginative production of *The Magic Flute* at the Marionette Theatre which adjoins the Mozarteum.

Salzburg has two superb viewpoints. You can take the funicular up to the fortress and look down over the domes and spires and the spaciousness of the gracious squares in the Fürstenstadt, the princely city, bordered by the River Salzach and the masssive rock of the Mönchsberg. You can see the adjoining narrow streets which Schubert found mean and dirty.

The huge Festival Theatre complex, marking virtually the limits of the old city and built on the site of the former riding schools, leads on to a lift which takes you up inside the rock to the Cafe Winkler and to a dramatic circular panorama with a small platform built out to represent the view from Hohensalzburg.

Then, while enjoying a glass of wine on the terrace, you can look back across this lovely green city which seems to have developed out of and to blend completely with the encircling mountains. Salzburg is easy on the ear and on the eye. The old city is now free of traffic and you can stroll slowly through the narrow streets looking at the different craft signs, dating back to the period when few could read. Turn off into little courtyards and look up at the flower-bedecked balconies of houses dating from the 13th and 14th centuries.

There is also a sense of continuity. The Cafe Tomaselli was there some 50 years before the birth of W.A. and his father, Leopold, was a friend of the family. It is a solid polyglot place with all those newspapers, traditionally provided in the cafes, racked in orderly array. I think the tolerant and friendly Salzburgers would revolt if anyone tried to modernise the place.

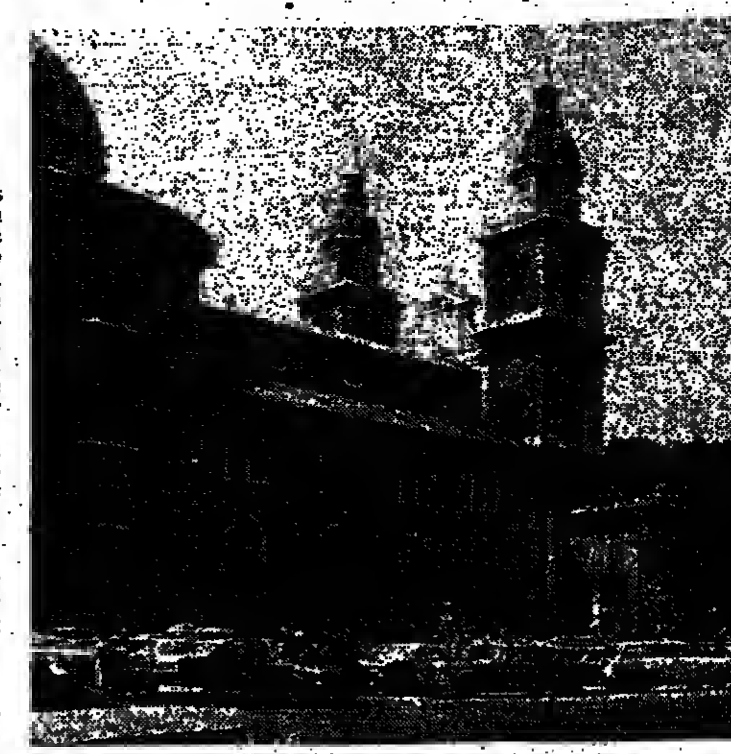
One evening last month I found myself sitting next to a group of Texans in the opulent baroque surroundings of the Knights' Hall in the Residenz. While I don't think that Vivaldi or W.A. played a major role in their lives back home, they were an attentive and appreciative audience at a concert given by the Salzburg Baroque Ensemble.

Now just a word about that blockbuster movie *The Sound of Music*. While it turned out to be a major PR exercise for the city, it really has very little to do with Salzburg and only ran for a very short time at the local cinemas.

Salzburg is about all the sounds of music, whether in the concert halls or churches or in the glockenspiel and in the church bells ringing out over the city and the surrounding countryside, all of it today just two hours away on the scheduled services of Austrian Airlines.

Hardly a week or a day goes by without a concert or a recital. The Mozart Festival Week in January and February is followed by the Easter Festival and the Whitsun concerts and the year comes to a close with the celebrations of Advent and the Christmas Market held in front of the twin towers of the floodlit cathedral.

ADDRESSES: Austrian Airlines, 50-51 Conduit Street, London W1R 0NP. Austrian National Tourist Office, 30 St George Street, London W1R 0FA. Salzburg City Tourist Office, A-5024 Salzburg, Auerspergstrasse 7, Austria.



The Residenzplatz, the principal square of Salzburg

Nine in a row

RACING

BY DOMINIC WIGAN

DESPITE the fact that the ground may be a little softer than he appreciates, Sea Chimes is certain to make a bold bid in today's Coral Eclipse Stakes, as he goes after a ninth consecutive victory.

Although it is difficult to evaluate the Coronation Cup form since Willie Carson on Nininski, allowed Lester Piggot to dictate a pace that was to give the West Ilsley colt no chance of exposing any stamina limitations in his Arundel rival, Sea Chimes undoubtedly put up a high class performance. For not only did Gulf Pearl's best son win in a fast time of under two minutes 36 seconds, but he was sufficiently well in command inside the distance to allow Piggot to ease him considerably in the final 100 yards. But for that action, by the ever energy-conscious Piggot, his winning distance of two and a half lengths would have been a wide one.

This afternoon I expect to see Sea Chimes' "Catch me if you can" tactics employed to the full by Pat Eddery and the result again put beyond doubt some way from home. Ela-Mana-Mou is a dour battler and he may well be the last one to be shaken off by the Sussex four-year-old.

Paul Cole's successful Lambourne stable has farmed a good many minor events at Bath over the past few seasons and this afternoon I hope to see Consortium and Sir Eamon maintain the team's strike rate there.

Cole, who achieved a personal best haul of 61 successes in this country alone, last season, after notching 56 winners in the previous campaign, saddles Consortium for the Levy Board Apprentice Handicap in preference to Eight Roses. A bay colt by Targowice out of Annerbelle who finished second in the Irish One Thousand Guineas, Consortium has disappointed since slamming Akhter at Newbury on his racecourse debut last spring. Nevertheless, he ran his best race in a long while recently and with little to beat can gain a confidence boosting victory under 9 st 4 lb.

SANDOWN
1.45—Penmarric*
2.15—Crown Witness
2.55—Sea Chimes**
3.30—Spanish Fastnet
4.00—Popsi's Joy
4.30—Sandford Boy

BATH
2.30—Consortium***
3.00—Harebell
3.30—Ramwadash
4.00—Sir Eamon

HAYDOCK
2.00—Jester's Boy
2.30—Get Stoned
3.05—The Dancer

HOW TO SPEND IT

by Lucia van der Post

In spite of all the shenanigans in Brussels, of the lamb war, the apple war and all the other wars that both sides of the channel seem to get so worked up about, more Britons under their own steam visit France than any other European country. It is still our closest, most infuriatingly beguiling neighbour and for those who may be setting out for a trip through that lovely land JUDY WHALE, who knows and loves it well, takes a look at some of the things it might be worth bringing back with you . . .

When in France . . .

NOW that we're allowed to bring more goods into Britain from our trips to Common Market countries, there's no excuse for that rapidly hardening French loaf in the back of the car without worthwhile plunder in the boot. The kitchen, refrigerator and freezer—not to speak of the cellar—can all profit from your holiday in France.

If you're over 17 and don't bring in spirits you may have three litres of either under 38.8 per cent proof drink, fortified or sparkling wine, plus four litres of still table wine—as long as you've actually bought it in France and not at the duty-free shop on the boat (which doesn't carry much wine anyway).

You may, like us, choose all seven litres as still wine. Controversy rages: plonk or the quality stuff? We find that litre bottles of white wine keep well, rosé develops a sediment after a while and red lives up to its reputation of not travelling. We experiment in the upmarket area but usually compromise with something like the Nicolas Vieux Ceps that our French acquaintances drink: red, white or rosé at FFr 5.50 to FFr 6.50 a 1-litre bottle.

For the kitchen cupboard I lay in first-pressing *olive oil*: the good Pugel at about 19 francs a litre from our local dragon of an épicière; Lesieur at slightly under that from the high-grade Codec supermarket chain, other supermarket own-brands for less—Beaumont, the Monoprix marque, is FFr 15.60 and a very decent product.

Some sunflower oil (*tournesol*) is cheaper than British-sold equivalents—a litre from Codec is FFr 5.60. Handsome 1-litre bottles of Maille *vinaigre de vin vieux* (7 per cent) are FFr 5.70 from the dragon. Jane Grigson's favourite Martin Pouret is FFr 4.70 at Codec.

Large jars (450 grams) of gherkins (*cornichons*) vary between FFr 6.50 and FFr 9.50, and—particularly good value—850 grams jorums of Dijon mustard start at FFr 4 in supermarkets and go up to FFr 8-9 for the classier varieties. *Moutarde en grains* in those pottery jars that double as kitchen-spoon (or even loo-brush) pots afterwards are FFr 9-13, and small refill jars come at FFr 2-3.

As pudding in France we're fond of what used to be called *nègre en chemise*, now known more politely as *Mont Blanc*: sweetened chestnut purée topped with slightly sharp fresh cream. Tins of the Faugier brand aren't always easy to find, but I recently lit on a 500 gram Beaumont can for only FFr 3.50. (Serve it with sour cream over here).

In the cheat cooking department I unashamedly bring home packets of Knorr soup (FFr 2.25 for four servings), usually the Provençal vegetable kind like

Pauline Rosenthal

pistou and *pescodou* that respond well to brandy and grated cheese, and smoother types—*champoireau* and *velouté de bolets*—to float cream on.

There is a new two-person meal-in-a-packet called *soupe paysanne aux lentilles*: the bacon in it imparts a fine smokey flavour.

Tins of *lentilles preparées* (FFr 2-3 for 290 grams) are good hot but better cold with a mustardy dressing. I have a low taste for tinned spinach purée (*épinards hachés*)—FFr 3 for a great 280 gram can—as long as it is bathed in butter, cream and grated nutmeg, a handy stand-by for weekends or unexpected guests. A wander round any supermarket will yield goodies hard to get or pricey at home.

Bring back cheese if you can bear the smell: layers of foil fail to suppress our Pont l'Evèques (*FFr 9-12*), but Camemberts are less offensive (FFr 3.50-8 and dearer ones are not necessarily the best). Both freeze well. So does Boursin, but blues like Roquefort, Fourme and Blue de Bresse quickly get salty in the freezer so buy them for immediate consumption. *Crème fraîche* is FFr 9-10 for 500 grams, *fromage frais* FFr 8.50 a kilo from Monoprix.

Raw meat and poultry are not permitted, but you can stock up on cooked delicacies at the charcuterie before you leave.

I can never resist Charentais and Cavaillon melons, thus compounding the car smell. There are new Ministry of Agriculture rules about restrictions on fruit and vegetables.

Potatoes aren't allowed without a permit, but each person may bring in two kilos of other vegetables or fruit which, if you have the family with you means enough ratatouille ingredients to make a vatful. By the end of the summer courgettes aren't much cheaper than in Britain, but peppers and aubergines certainly are and those huge sweet tomatoes can't be passed up. Globe artichokes are about FFr 6 a kilo, garlic heads are big and firm, and peaches and nectarines beautifully juicy.

Quite apart from the drink, tobacco and scent allowances, you *can now bring back £120 worth of other goods (if you can afford it)*, so hardware possibilities are endless. I go for Le Creuset and Cousances enamelled cast-iron pots and pans. Prices vary enormously, but they're less anywhere than in Britain — even John Lewis can't compete for once.

On a recce at Easter I found a set of five orange Cousances saucepans on a wooden wall panel for FFr 320 at a vast hypermarket, and the same thing but in a new dark cherry red shade for FFr 513 at a *quincaillerie* (ironmongers).

The snag about supermarkets and department stores is that they don't necessarily carry the whole range as specialist shops do, but you may come across just what you want. Most prices weren't so startlingly different: on average, Le Creuset two-handled 26 cm casseroles were *FFr 112*, 18 cm round flat dishes with ears FFr 28-32, similar oval 32 cm ones FFr 39-42. A beautiful round frying pan with a *black* inside and long wooden handle was FFr 85 for the 30 cm size, while the more traditional little pans with cast-iron handles were FFr 32-36 for *20 cms. A 28 cm terrine* dish was FFr 60.

Non-stick Téfal saucepans come in all qualities and sizes; the familiar orange kind are FFr 27-30 for the 18 cm one, a heavy 28 cm Club frying pan FFr 68.

Brown earthenware *poterie de Berry* or *Bourgogne* is another good buy: 30 cm oval dishes for FFr 14-17, 26 cm terrine dishes FFr 25-29, round soup bowls FFr 7.50.

Gadgets range from plastic salad-whirlers at FFr 18-25 to a *cuillère sangras* for separating fat from a sauce at FFr 8.90. My own weakness is breakfast egg-toppers (*coupe- or ouvre-oeufs*) from FFr 10 to FFr 30. There are fleets of wire whisks and armies of tart tins. Even without spending all your time shopping instead of sunbathing you can tickle up your store of kitchen equipment and still not overload the car.

●

I know opinions differ about self-catering holidays but speaking for myself some of the best holidays I have ever had have been those in countries where I have hired a house or apartment and I have done the cooking. In this way I find I get more of a feeling for the pulse of the country, for its culture, its way of life, than ever I have when cocooned in some comfortable or not-so-comfortable hotel. Pottering round markets, discovering strange foods and learning how to cook them is for me an abiding joy.

For those who feel likewise but don't always know how to start—and if you know nothing of the language it isn't at all easy—then Nicholas Courtney's book *The Self-Catering Holiday Guide to Shopping and Cooking in Europe* should be packed along with the suntan oil and the paperbacks. For each of the main continental countries he lists not only the main phrases you might need in order to do the shopping (like "a little more please" or "a little less") but also the names, in the appropriate language, of the fish, the meat, the groceries, the specialities, the vegetables and fruits, wines and spirits and then, just really to whet the appetite, he tells you how to make some of the most typical dishes — the well-known and the less familiar. For instance, for Spain not just how to make gazpacho but what to do with baby eels as well.

Published by Hutchinson it costs £5.95.

L.vd.P.

Dressing Up

IN THE MIDST of all the talk of gloom and doom that is currently pervading large sections of the fashion and retail business it is lovely to hear of one resounding success story. Caroline Charles, who is a designer I have personally bought from frequently over the years, has at the moment the fullest order books she has ever had. Not only does she run a retail shop of her own—at 9 Beauchamp Place, London SW3—which is doing exceedingly well, but she sells her clothes into boutiques up and down the country from Aberdeen to Torquay, from Norwich to Swansea and in the provinces, too, she finds her sales are booming.

Caroline Charles herself feels that part of the reason for the success of the retail operations in the provinces is that those shops that concentrated on offering a personal service, on remembering what suits Mrs. Brown and what doesn't suit Mrs. Smith, on taking time and trouble to please a customer, have all managed to go on doing very well even in these difficult times.

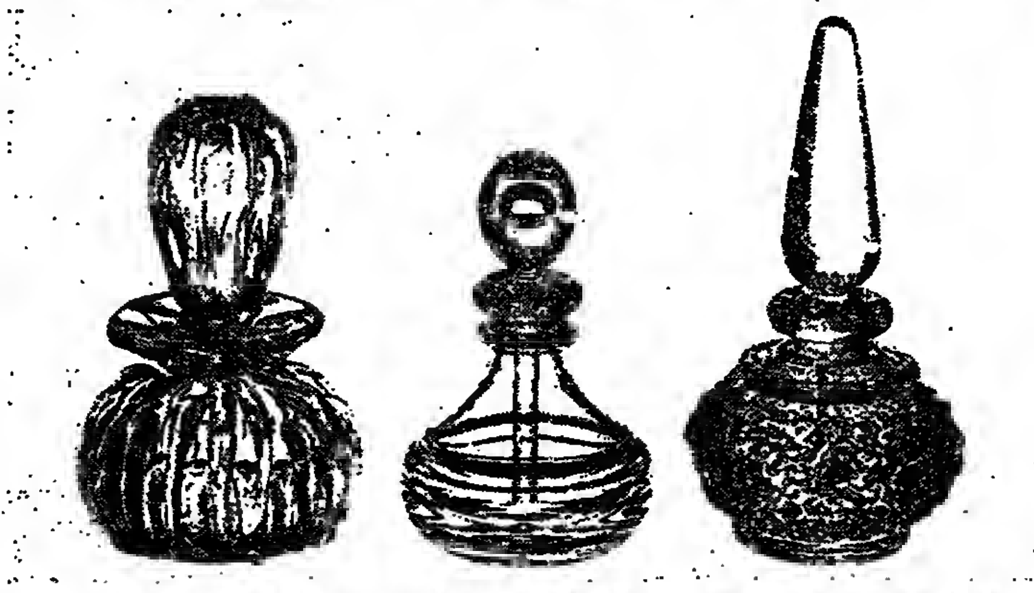
Another reason for Caroline Charles' success is, of course, that her clothes are beautiful and are eminently suited to the numerous social events which the English summer season offers to her sort of customers. The typical customer seems to be an Ascot regular and goes to enough grand evening dos to justify a special purchase.

This summer her best-sellers have been some exotically printed crepe-de-chines.

Another surprising success has been her grand ball dresses in silk taffeta with what Caroline describes as "Come Dancing" skirts, netted underneath and with skimpy close-fitting bodices. They go very well in university towns and sell at something like £140.

For autumn there will be fuller, shorter skirts with either curved bell-boy jackets or looser, swing jackets in richly printed wool crepe.

For evening there will also be a rich and exotic look—this silk and turex mix evening coat (with matching sash, here used as a turban) is typical of the autumn night scene. On sale for about £210 at the end of August at Campus shops in Oxford, Edinburgh, Nottingham and Glasgow, also Harrods and Lucienne Phillips, in Knightsbridge, London SW1.



I never quite know who decants their scent from the ravishing bottles in which most scents are now sold into other, possibly equally beautiful, scent bottles. I can only assume that scent bottles must be used by those growing numbers of people who are beginning to devise their own individual scent from the big collections of natural essences and oils that some companies now offer.

Certainly Eric White's collection of hand-made scent botles are beguiling enough to persuade most of us to think of some way of using them. Eric White used to be a lecturer in glass and glass studies at Hounslow Borough College but now he concentrates entirely on his free-blown glass designs, for which he is becoming increasingly well known. The Corning Museum of Glass already has chosen one of his scent bottles for their library of contemporary glass and in 1973 the Victoria and Albert Museum gave a major exhibition of his work, and has since bought several bottles for its glass collection.

There are now some 100 different designs in the scent bottle range, three of which are shown here. From left to right, "Trailed" which is 78 mm high is £23.70, "Clear" is 70 mm high and is £21.50 while the third bottle is "Textured," 90 mm high and costs £23.70. Because the glass is free-blown measurements are approximate. Buy direct from the Dellanova Company, 5 Daymer Gardens, Pinner, Middlesex (postage and packing is free) or find the bottles in Harrods and leading gift shops.

Travelling tips

HOW many of us, I often wonder, ever achieve that fine ideal for the hopeful traveller, of packing nothing that we don't use and everything that we *really need*? I haven't quite got there yet but each time I travel somewhere I learn a little bit more about what I really need and what I can do without.

Top of my list of essentials is a really efficient travel iron—so often I find that even the smartest of hotels doesn't have a pressing service after five in the evening and I haven't yet managed to get together a wardrobe that doesn't crease. One of the best and lightest of travel irons is the Pifco travelling iron, photographed right. It

is available throughout the country at leading department stores including Selfridges, London and the Lewis group, it weighs just 2 lb 6 oz and costs about £12.50.

A set of international adaptors I find invaluable (provided you check before you leave that your appliance fits into the adaptor *itself*) and Selfridges is currently one of the stockists of The New Traveller International adaptor which the shop sells for £3.99 (p+p 95p).

I never travel without Dylon's Travel Wash which comes in a tube so you don't risk spilling a powdery substance all over the entire suitcase. It takes up very little room and works in cold or even salt water as well as in hot. The makers actually say you can use it to wash your hair as well as your laundry but personally I'd take some shampoo along too. A tube of Travel Wash detergent costs 75p and is available from most department stores and chemists.

Make the most of summer vegetables

BY JULIE HAMILTON

NOW are the winter labours in vegetable gardens reaping their full reward. Home-grown or bought, the abundance of fresh July vegetables makes it easy to produce a wide variety of differing dishes.

At first, when they are young and tender, it is hard to beat the simplest method of lightly cooking and serving with a dollop of butter. But as summer wears on we long for variations and it is surprising how a slight touch can give an unfamiliar flavour to a familiar dish. For example, in a tomato salad substitute lots of fresh (it must be fresh) marjoram for the customary basil and use a generous amount of soy sauce in your dressing.

To me the very first carrots are rather insipid, so I continue to buy the old ones until this year's have attained a reasonable size. Old or new, here is a delicious and unfamiliar way of cooking them.

Peel and cut the carrots into the shape of French fries (ideally use a Magimix or a similar food processor with a chipper disc). Place them in a heavy-bottomed saucepan with a large dollop of butter and juice of a *lemon. Sprinkle* generously with caster sugar, a little salt and plenty of finely-chopped fresh dill (or dried dillweed if fresh dill is unavailable).

Place over a medium heat and cook gently, stirring often. After about eight or 10 minutes *put on the lid and reduce the* heat to very low for a further 10 to 15 minutes. When served, they should have more than the usual bite to them.

Another way with carrots is to slice them (or leave whole if small enough), cook them in boiling water and, when they are nearly done, *melt two table*spoons of butter with three tablespoons of honey until it bubbles. Add the drained carrots to it with a tablespoon of finely chopped mint. Mix well, season with salt and pepper to taste and serve.

When very young and small, raw courgettes will enhance a salad.

When they are a little larger, try serving them this way: cut them lengthwise in half and, with a teaspoon, scoop out the seeds and pulp immediately surrounding them. Chop each half courgette into barely half-inch slices which will now be crescent shaped. Do not soak in salt.

Finely chop one small onion and two or three cloves of garlic. Combine with the courgettes in a frying pan with plenty of butter. Stirring frequently over a low heat, fry gently until the courgettes are done to your liking, preferably with plenty of bite to them. Add salt, pepper and a squeeze of lemon. The point of leaving the salt to the end is that it does not then draw the liquid and the courgettes are therefore less inclined to be mushy.

This courgette dish is equally good if you substitute strips of ham for the onion and sprinkle finely chopped fresh basil over it when serving.

Sharon Finmark

Variation on a cauliflower: lightly cook it whole, sprinkle it with salt and lashings of freshly ground black pepper. Pour over it a little olive oil. Leave to cool for at least half an hour. Then combine approximately five ounces sour cream with half a tablespoon of lemon juice and one large dill-pickled cucumber cut into small cubes. Place the whole cauliflower in a serving dish, pour the sour cream mixture over it and surround it with mustard and cress.

I grow all my own vegetables and too many of them are enjoyed raw by my small children before they have a chance to reach the kitchen. If we did not impose strict rules there would be no peas or beans for the freezer.

French beans are a favourite target of these garden raids. They are also a favourite of mine when cooked, cooled and dressed with wine vinegar, olive oil and a sprinkling of parmesan cheese and black pepper. Another way of cooking the round type of French bean is to flour, egg and breadcrumb (using crushed cornflakes instead of breadcrumbs) the whole stringless beans and deep fry them. This takes time because each bean has to be coated individually, but the result is well worth the trouble.

New potatoes are probably the only potatoes you are inclined to eat just now. Here is a way of serving them that you may not have tried.

Boil them (in their skins preferably) and just before they are fully cooked drain off the water and add a handful of scissored-up thyme and chives and a generous sprinkling of salt. Replace the lid firmly so that they go on cooking in their own heat. After five or 10 minutes, add butter and toss about over a low heat. The thyme and chives permeate the potatoes and emphasise their delicious natural flavour.

In my garden I have a mountain of mint (it is invading my asparagus bed because we cannot eat it fast enough). I also have too much spinach, thanks to my *family's lack* of enthusiasm. Combine the two and you can produce an interesting and delectable dish.

Mint and spinach — serves 4

12 oz spinach (weighed after removing any coarse stalks); 6 oz mint (weighed after stripping the leaves from the stalks); 2 oz butter; salt, pepper and ½ teaspoon sugar.

Finely shred the spinach and mint, mix them well together, place in a saucepan and pour boiling water over them. Boil fast for approximately three minutes uncovered. Drain very well, pressing out as much liquid as you can. Return to the pan, add the butter and the seasoning, fry gently for a further three to five minutes, allowing any excess liquid to evaporate. Serve at once.

ARTS

Good sports

BY ANTHONY CURTIS

Saturday Night Theatre attempted this week to combine the authentic background of the recent European Football Championship in Italy, recorded on location, with an invented story of two British fans who made the trip. One of the fans was a writer and academic manqué who had gone to make tape-recordings of the crowd'a reactions to the game for the *purpose of producing* a thesis on the psychology of football supporters. He was played in a fluent Scottish voice by Tony Osoba of *Porridge* fame. The play, *Over the Moon/Sick as a Parrot* (Radio 4 UK June 28), was inspired by Mr. Osoba who is quoted as saying: "I wanted to do a play that depended on the outcome of events over which one had no control. Broadcasting it very soon after those events is crucial because it will give it topicality." The piece was written by Neville Smith who played the fan whom the thesis-researcher pals up with at the airport.

The chief interest of the play was in the relationship that developed between these two men, confiding their problems to each other, by the end of the tour becoming real friends and arranging to meet again. The second man turned out to be an unemployed Leyland worker supported financially by his wife, a school-teacher, who had given him the football-trip to restore his morale. The researcher's morale was also in need of a boost because he had a great many half-finished or rejected typescripts at home that were weighing on his spirit like lead. As well as watching the football he took time off to see the Holy Shroud in Turin and the Caravaggios in Rome: an incipient affair with an Italian girl petered out rather quickly.

The modest realism of the invented scenes did not seem to me to be greatly enhanced by the background so conscientiously (and presumably expensively) recorded by Jane Morgan and her team of sound engineers. Any football match previously recorded, or even an imaginary one, would have done equally well. I suppose you could argue that if England had done better in Italy and got into the finals the morale of the two main characters would have been much higher and the second half of the play would not have had to be so dispiritingly downbeat. It seemed to find difficulty in assimilating the moment of greatest drama in the real-life scenario when the Italian riot police fired their tear-gas bullets on the hooligan elements in the stands. That went for almost nothing.

It was unfortunate that the play should have been transmitted in the one week of the year when the air-waves are crammed with so many inherently dramatic sporting contests receiving saturation coverage on both radio and television. One from the recent past in semi-fictional disguise seemed otiose.

I always enjoy Radio 2's Wimbledon coverage which this year has been extended to coincide with the 12 o'clock start of play. I think, though, that John Motson went too far in claiming on Thursday that radio can communicate the atmosphere of a particular match better than television. What it does communicate so well is the jokey matey, well-informed and in-groupey atmosphere of the commentary-box. To be sure there are a much wider variety of commentary-styles on radio, from Motson's own footballesque staccato to the more figurative manner of Max Robertson who is capable of describing a serve of Tanner's in these terms: "The ball kicks the chalk and it leaps up like a startled salmon."

You also hear female comments on the men's game which television does not usually *permit*. "I am impressed," said Mrs. Jones apropos of that death-rattle Connors emits before serving. "by this terrific grunt. Its like someone throwing the discus." And of his new good behaviour on court: "One wonders—if he's like this after one child, what will he be like after two or three?" You also receive interesting *snippets of information* not vouchsafed by the TV commentators. Did you know that Connors puts lead round the head of his racket? I learned this from radio. The only drawback is that you cannot of course see for yourself. I have tried the experiment of watching the television with the sound turned off and substituting the radio commentary. For a few games it can be most enlightening.

Animal magic

The Black Stallion (A) Classic Haymarket
The Sea Wolves (A) Leicester Square Theatre and Odeon Marble Arch
Lifespan ICA
Fingers (X) Scene and ABC Edgware Road
Little Darlings (AA) Ritz

Famous Old Rule-of-Thumb for actors: never work with animals or children. New Rule-of-Thumb for animals and children: never work with a beautiful cinematographer. In *The Black Stallion*, directed by Carroll Ballard and photographed by Caleb Deschanel, there is so much upstaging going on that by the end of its two-hours traffic the spectacle has retreated almost to the back of the proscenium, outflanking itself, as it were, into virtual invisibility. First the boy hero and the titular stallion steal the film from the adults. Then it is stolen from them by the ravishing and rarefied beauty of Deschanel's images.

Francis Coppola was executive producer of this children's movie based on a novel by Walter Farley. It's only the second film to have emerged

CINEMA

NIGEL ANDREWS

from Coppola's new studio, Omni Zoetrope, and it seems to have lavished all the leftovers of visual grandeur from the first—*Apocalypse Now*—on its story of an American boy and an Arab stallion washed up on a desert island, sole survivors of a shipwreck off the African coast. Child and quadruped befriend each other, then after rescue and return to the States, join forces in a bid to ride to glory in America's version of the Derby.

It's two films locked in often embarrassing intimacy together: first the wordless and wondrous desert-island idyll, shot in a fabulous spectrum of golds and ombers and silver-blues, followed by a sort of all-male *National Velvet* coached to equestrian *kudos* by twee and twinkle-eyed ex-jockey Mickey Rooney. This second section falls almost flat on its face, lacking either the fearless schmaltz of *The Champ* or the wonky comedy of *The Bad News Bears*. Not all Deschanel's photographic marvels of rim-lighting and chiaroscuro can work the life-giving miracle of making a forlorn and formulaic plot breathe.

But the first half is another story: in all senses. Unencumbered by any but the slenderest narrative, Deschanel and director Ballard spread their visual wings and image after image soars into splendour. The upended hull of the sinking ship looms from the water like some vast, smouldering sea-monster: enchanted slivers of light snake through the sea as an underwater camera photographs boy and horse cavorting in the water: sky, sea, sand and rock intertwine in a pantheistic palette of gorgeous hues and textures. There isn't an overplus of life-as-we-know-it in the movie, even in its more lively and humane first half. But the lip-licking shapes and colours create an elemental poem that almost compensates for the shortage of human interest.

*

Anyone seeking human interest in *The Sea Wolves*, let alone elemental poetry, will be disappointed. Euan Lloyd, of *The Wild Geese*, produced this old rattletrap of a movie which relates the "now-it-can-be-told" true story of a heroic British sabotage mission in Portuguese Goa, Southern India, in 1943. Object: to prang the German radio-ship sending details of Allied ship movements to lurking U-boats. Means: to smuggle a troop of Britons into the neutral port and have them board the ship heavily disguised as drunken tourists.

The said Britons being members of the Calcutta Light Foot, a long-retired consortium of Boer War veterans and British character actors, and their leaders being Gregory Peck and David Niven, neither a chicken, the cast's combined ages could probably give the film's eight-figure budget a run for its money. There is also Roger Moore as Our Man in Goa, an old-school charmer who seduces the terribly British Mrs. Cromwell (Barbara Kellerman) only to find that she's a terribly treacherous spy giving naughty secrets to the Nazis.

This fulsome Boy's Own balderdash was directed by Andrew V. McLaglen—also of *The Wild Geese*—and galumphs along in size-12 Wellies from one puddle of Britannic cliché to the next. Eee, look you, there's Kenneth Griffith as the oily mechanic tinkering with the Heath Robinson engine on board the getaway boat. (Will it start? Won't it? Will it?). And, hrrmph-I-say-chaps, there's Patrick Allen squaring, nay quadrupling, his jaw as the British Top Brass with the Briefing. Much time, money, energy and explosions spent. But there's more pizazz and brio and originality in an episode of *Dad's Army*.

A scene from 'The Black Stallion'

*

Klaus (*Nosferatu*) Kinski lends his death's-head magnetism to a fascinating little thriller unwrapped this week at the ICA. *Lifespan*, a first feature by Alexander Whitelaw, stars Herr Kinski as a Swiss pharmaceuticals tycoon commissioning research into an immortality drug. When one researcher commits suicide, a young American scientist (Hiram Keller) takes over and finds dark, nasty secrets. Why did his predecessor hang himself? Why, just before, did so many people die at an old people's home? What about the mysterious girl friend (Tina Aumont) who's into bondage? Why does Kinski keep turning up in odd venues with cryptic smile and sinister under-lighting?

Whitelaw does a merry hots-off to the American B-feature tradition of Sci-Fi thriller, complete with first-person over-voice delivered in urgent, flat-as-a-pancake tones. But *Lifespan* is more than a pie-eyed pastiche. The plot rolls around itself in serpentine coils of cleverness, and it also vents the telling suggestion that eternal life can be a more eerie, threatening concept than that of sudden or early death.

*

There's a Bach toccata cataracting out of the grand piano in the New York apartment, and isn't that Harvey Keitel sitting behind it pumping his shoulders, glistening with sweat and squeezing his face into myriad pianistic grimaces?

It is, and James Toback's *Fingers* proposes Mr. K. as an aspiring concert pianist with a spare-time line in strong-arm debt-collecting. He does the first to please his musicianly mother, the second to please his Mafia father. He is also trying to get it together with strange waif Tisa Farrow but is dogged by homosexual leanings. And he risks the wrath of the public at large by carrying around a cassette-player in streets and restaurants and playing pop songs at full volume.

He is, you will understand, a confused young man. But exactly why we should be interested in him, even as played with mercurial intensity by Mr. Keitel, Toback never divulges. The male-versus-female, artist-versus-action-man battle that is raging inside him is tritely delineated, and the schematically-sketched sexual theme culminates in a ludicrous episode near the movie's end in which the hero's sexual tensions are catalysed by a beady, heavy bout of *amour à quatre*, also involving Jim Brown and two ladies.

Keitel is a powerful actor, chunky, quick-nerved, light on his reflexes. But he has been plagued of late (cf. *Death Watch, Saturn 3*) by an unerring knack for picking dud movies to appear in. Won't some gifted and gallant director come to his rescue?

*

Little Darlings offers the more optional spectacle of Tatum O'Neal trying to lose her maidenhead in a girls' summer-camp. Newcomer Kristy McNichol is the pristine teenager trying to beat her to it, and the rest of the camp are laying money on who will win. The audience loses. There is much cumbrous comedy, much soupy sentiment, and a growing sense that defloration-under-starter's-orders is less of a pleasure than a duty.

The Fool

BY B. A. YOUNG

Edward Bond's account of the life of the poet John Clare, now at the Other Place in Stratford, gives us a series of effective scenes in which Clare is for the most part merely a spectator. While his friends are engaged in robbery with violence in protest against the richness of the rich and the poverty of the poor, Clare is copulating with a casual acquaintance. When Mrs. Emmerson improbably takes him to see a boxing match (admirably simulated by Abraham Osuagwu and Timothy Walker to the designs of Ian McKay), the fatal comments of the Admiral who sponsored Clare's publication are half-lost behind the wit of Charles Lamb and the witlessness of his sister. We don't see Clare in close-up until want and suffering have begun to turn his mind. As a working poet, we do not see him at all.

Characteristically, Mr. Bond is more concerned with attacking the gentry than with observing the mind of a good minor poet; Mr. Bond being who he is, and the director, Howard Davies, being who he is, the gentry are given little credit for any decent thing they do, whereas the country criminals are drawn with approval because, I suppose, their motives are OK.

The play is strong on action but less strong on thought. The mummers at Lord Milton's house, the stripping of the parson (the obligatory sadism without which Mr. Bond is never satisfied), the boxing, the lunatics at recreation in the asylum where Clare was taken due to the kindness of Lord Milton—these scenes are successful, but they don't leave an intellectual afterglow as they should.

The playing is as effective as it can be when the speech, in well-observed but inappropriate Suffolk dialect (Clare lived his life in Northamptonshire), is so lacking in colour or poetry. James Hazeldine plays Clare with sympathy, but he remains a minor figure in events, like Cinna the Poet. Corinna Seddon as Clare's wife maintains a personality almost unchanged from the days when her brother Darkie (Anton Lesser) is hanged for robbery to the days when she visits the asylum to see the decaying poet, and Domini Blythe, quickly transformed from domestic neatness to gipsy rags, does all that is to be done with the fugitive part of Mary, the girl that haunts Clare's verse.

The gentry come off better. Edwin Richfield is good as Lord Milton, the peer who (like Clare's mates) believes in standing up for his rights; there is a delightful cameo of Charles Lamb by Peter Settelen; and John Carlisle does well as the Parson, though the casting is wilfully unapt. He is said to be old and well-covered with soft flesh (Mr. Bond evidently shares Lord Curzon's illusions about the bodies of the working classes). Mr. Carlisle verges on early middle-age throughout the 50 years' span of the play, and is thin rather than fat. I suspect, however, that mere representation is not one of the factors Howard Davies seeks in his direction.

Art Nouveau in demand

SALEROOM

ANTONY THORNCROFT

An enamel bowl, made around 1905 by David Andersen, sold for £5,000, plus the 11.5 per cent buyer's premium and VAT, at a Sotheby Belgravia auction of the decorative arts yesterday. Other high prices were the £4,000 for a Gallé marqueterie-sur-verre dish of around 1900; £2,900 for a Gallé cameo glass lamp and shade and £2,600 for a pencil and watercolour on paper of blackthorne at Chiddingstone by Charles Rennie Mackintosh.

Christie's completed its week of Impressionist sales yesterday, with an auction which added £179,970 for a grand total of £3,467,700. Top price yesterday was the £9,800 for "Paysage du midi" by Renoir with a second Renoir "La ferme" realising £8,500.

In the Old Masters sale at Sotheby's a still life of flowers catalogued J. van Kessel sold for £8,000, while a flight into Egypt from the circle of Herri Met de Bles and an ebony cabinet with painted panels from Antwerp, circa 1630, each made £5,000.

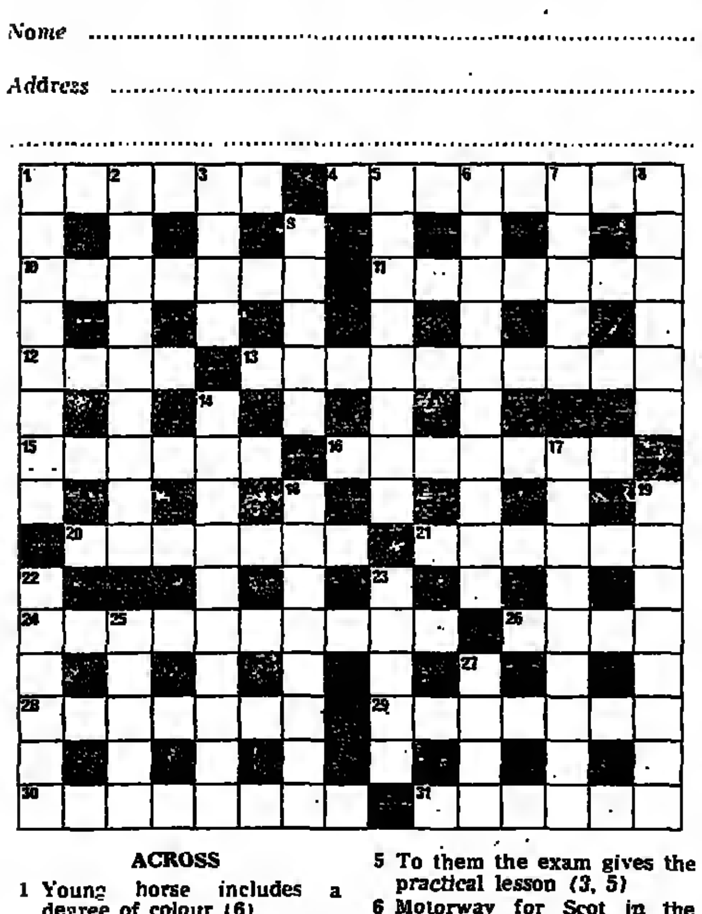
The third party of the dispersal of Dr. D. W. Findlay's collection of books and manuscripts relating to conjuring sold for £14,723 with a top price of £680 for a poster of around 1850 advertising Jacob's Farewell Night at Greenwich.

F.T. CROSSWORD PUZZLE No. 4,314

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



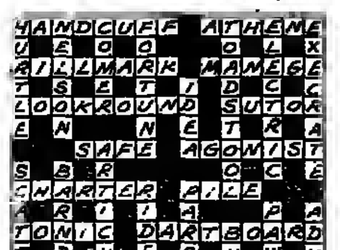
ACROSS

1 Young horse includes a degree of colour (6)
4 Town associated with early passenger trains (8)
10 Set course to the Cape—why get chicken? (7)
11 Little by little the renegade within, becomes unpredictable (7)
12 The girl gets in a Welsh town (4)
13 *Last month* the speech received a medal (10)
15 Quietly in Indian city the oracle appears (6)
16 Automation gives mother backbone (7)
20 Substantiate that Teddy's away (4, 3)
21 Sailor and Scot cover the highway (6)
24 Transport for nice stock (5-5)
26 Platform for mother-to-be (4)
28 "Or — some dull opiate to the drains" (Keats) (7)
29 In poor health—as the result of a road accident? (3, 4)
30 A politician goes to the sick-bay for healing (8)
31 Severe test or business transaction (6)

DOWN

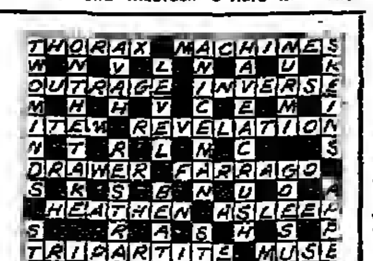
1 State that produces insect bad for murphies (8)
3 Beauty packs a gun—that's a mere trifle (9)
2 Money for the lieutenant (4)
5 To them the exam gives the practical lesson (3, 5)
6 Motorway for Scot in the mountain range (10)
7 Everyone is to make a sound contribution (5)
8 Guilty and clearly broke in America (6)
9 Register—start with fish and chips will appear (5)
14 Dress fashion makes us abrupt with a woman (5, 5)
17 Rank egotism onboard (6, 3)
18 Dismissed corollary for the scout ahead (8)
19 "Grate on their —— pipes of wretched straw" (Milton) (8)
22 Black woman loses her head on the way out (6)
23 Headdress can change the old-timer (5)
25 Painter or writer (5)
27 Knot with spell for a game (4)

Solution to Puzzle No. 4,313



SOLUTION AND WINNERS OF PUZZLE No. 4,309

Mr. T. E. Heeley, 88 Groves Hall Road, Dewsbury Moor, Dewsbury, West Yorks.
Mrs. J. Snook, 117 Overstone Road, Harpenden, Herts AL5 5PL.
Mr. P. Stevens, 38 Mymms Drive, Brookmans Park, Herts AL9 7AF.



TV/Radio

† Indicates programme in black and white

BBC 1

7.15-8.30 am Open University (Ultra high frequency only). 9.05 The Banana Splits. 9.35 Tabitha. 10.00 Feeling Great! †10.10 "It Ain't Hay," starring Abbott and Costello. 11.30 "Merry Andrew," starring Danny Kaye. 1.12 pm Weather.

1.15 Wimbledon Grandstand: Men's Singles Final, Ladies' Doubles Final, Mixed Doubles Final, and at 1.40 A Final Comment from today's finalists; Sports Round-up (1.20); Athletics (4.30) The Southern Counties Championships; 5.50 Final Score.

6.00 News.
6.10 Sport/Regional News.
6.15 What's On Wogan?
7.00 Saturday Night at the Movies: "The Spirit Of St. Louis," starring James Stewart.
9.10 Knots Landing.
10.00 News.
10.10 Telford's Change.
11.00 Around With Rook.
†11.45 Phil Silvers as Sergeant Bilko.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 6.10-6.15 pm Sports News Wales. 12.10 am News and Weather for Wales.

Scotland—12.10 am News and Weather for Scotland.

Northern Ireland—6.10-6.15 pm Northern Ireland News. 12.10 am News and Weather for Northern Ireland.

England—6.10-6.15 pm (South-West only) Saturday Spotlight.

BBC 2

7.40 am Open University.
2.55 pm Saturday Cinema: "The Unsinkable Molly Brown," starring Debbie Reynolds.
5.00 Open Door.
5.30 Wimbledon '80.
7.15 News and Sport.
7.30 Drama from the Open University: "Waiting For Godot" by Samuel Beckett; 8.00 "The Grand Inquisitor" by Dostoevsky from "The Brothers Karamazov"; 8.30 "Six Characters in Search of an Author" by Pirandello.
9.20 Wimbledon Match of the Day.
†10.10 Horror Double Bill: "The Beast With Five Fingers," starring Peter Lorre.
11.35 News on 2.
11.40 Return Call to Brass Tacks.
11.50 Horror Double Bill: "Chamber Of Horrors," starring Patrick O'Neal.

LONDON

8.55 am Sesame Street. 9.55 Super Friends. 10.30 Fun Factory.
12.30 pm World of Sport: 12.35 International Sports Special (Part 1): Cycling—the Tour de France, plus Water Skiing from Thorpe Park, Surrey, and the Australian Pools Check; 1.15 News; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.05 from Haydock; 1.45, 2.15 and 2.55 from Sandown; 3.15 International Sports Special (Part 2): Athletics—U.S. Olympic Trials Track and Field Championships from Eugene, Oregon; 4.00 Wrestling; 5.00 Results Service.
5.05 News.
5.15 Cartoon Time.
5.30 Return of the Saint.
6.30 Rock With Laughter.
7.00 240-Robert.
8.00 Mind Your Language
8.30 From Here To Eternity.
9.30 News.
9.45 The Family Dance.
11.15 It's a Long Way There—the Little River Band.
12.15 am Pro-Celebrity Darts.
12.45 Close: Personal choice with Andrew Cruickshank.

All IBA Regions as London except at the following times:—

ANGLIA

8.20 am Fantasy Island. 10.10 Fangface. 5.30 Mork and Mindy. 6.00 Sale of the Century. 7.00 Return of the Saint. 11.15 Musical Special. 12.15 am At the End of the Day.

ATV

9.10 am Invasion Road. 9.35 The Television Programme. 10.00 Bailey's Bird. 5.15 pm The Great Cartoon Stars. 7.05 BJ and the Bear. 11.15 Lifeline.

BORDER

9.10 am Invasion Road. 9.35 The Television Programme. 10.00 The Beachcombers. 5.15 pm Great Cartoon Stars. 7.05 BJ and the Bear. 11.15 Paris.

CHANNEL

5.15 pm Puffin's Pla(i)ce. 5.18 Cartoon Time. 7.05 BJ and the Bear. 11.15 Pro-Celebrity Snooker. 12.00 The Entertainers.

GRAMPIAN

9.30 am Cuir Car. 10.00 Superman. 5.15 pm Popeye. 7.00 Chips. 11.15 Seachd Laithean. 11.30 Reflections. 11.35 Music Special.

GRANADA

8.30 am Invasion Road. 10.00 Cartoon. 10.05 Batman. 7.00 pm Saturday Night at the Movies: Tyrone Power and Maureen O'Hara in "The Black Swan." 11.15 Show-jumping from Park Hall, Charnock Richard. 12.00 SWAT.

HTV

9.10 am The Television Programme. 9.35 Link. 10.05 Fangface. 5.15 pm Cartoons. 7.10 Chips. 11.15 Vegas. 12.15 am The Entertainers: Mac and Katie Kissoon.

HTV Cymru/Wales—As HTV West/HTV General Service except: 5.40-7.10 pm Sion A Sian.

SCOTTISH

9.10 am Invasion Road. 9.35 Fantasy Island. 7.05 pm Chips. 11.15 Late Call. 11.20 The Practice. 11.50 SWAT.

SOUTHERN

10.00 am Fangface. 10.27 Regional Weather Forecast. 5.15 pm Trevor Baker's All-Weather Show. 8.00 Return of the Saint. 7.00 Rock With Laughter. 7.30 The Incredible Hulk. 11.15 Southern News. 11.20 Have Girls Will Travel.

TYNE TEES

9.00 am Saturday Shake-up. 9.05 Tarzan. 9.55 Saturday Shake-up. 10.05 Moby Dick and the Mighty Mightor. 10.30 Saturday Shake-up. 10.50 Saturday Morning Movie: "Collision Course," starring E. G. Marshall and Henry Fonda. 12.20 pm Saturday Shake-up. 12.25 Check It Out Extra. 5.15 Dick Tracy Private Eye. 7.00 Chips. 8.00 Sale of the Century. 11.15 Saturday Late Movie: "Planet Earth," starring John Saxon and Diana Muldaur. 12.30 am Three's Company.

ULSTER

9.35 am Invasion Road. 10.00 Fang Face. 7.00 pm BJ and the Bear. 9.43 Ulster Weather. 11.15 Sports Results. 11.20 Police Surgeon.

WESTWARD

9.30 am The Lost Islands. 9.55 Look and See. 10.00 Call It Macaroni. 10.25 Gus Honeybun's Birthdays. 12.27 pm Westward News. 6.15 Westward News. 5.18 Cartoon Time. 7.05 BJ and the Bear. 11.15 Pro-Celebrity Snooker. 12.00 The Entertainers. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

9.00 am Fantastic Four. 9.15 Beachcombers. 5.40 Man From Atlantis. 7.00 "The Doberman Gang." 11.15 SWAT. 12.15 am The Entertainers, featuring Julio Felix.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 News. 7.03 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Peter Powell. 1.00 pm Steve Wright (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Rock on Saturday (S). 7.30-6.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tom Edwards (S). 8.06 David Jacobs with Star Sounds (S). 10.02 Pete Murray's Wimbledon Special (S). 1.02 pm The Impressionists. 1.30 Sport on 2: Wimbledon commentaries (1.30, 2.00, 3.00, 5.00, 6.55); Rugby (1.30, 2.00, 5.00) Western Province v British Lions; Racing from Sandown (1.30, 2.50, 5.00, 5.45): News of Cricket, Golf, Rowing, Motor-cycling, and at 5.45 Racing Results. 7.02 Three in a Row. 7.30 Sports Desk. 7.33 BBC International Festival of Light Music (S). 10.02 Band Parade (S). 11.02 Sports Desk. 11.10 Bob Kilbey with The Late Show (S), including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 11.15 Bandstand (S). 11.45 I Know What I Like (S). 1.00 pm News. 1.05 Early Music Forum (S). 2.00 Play It Again (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 The Organ Works of J. S. Bach (S). 7.15 Nigel Dennis: "Design with Stars" (story). 7.30 "Zaïs": Ballet héroïque by Rameau, Prologue and Act 1 (S). 8.35 Interval Reading. 8.45 "Zaïs." Acts 2, 3 and 4. 10.45 Beethoven (S). 11.00 News. 11.05-11.15 Takemitsu (S).

VHF only—6.00-8.00 am Open University: and for Scottish students only: 12.00-1.00 am Open University.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; programme news. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; programme news. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 8.59 Continental Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Keeping Track (S). 12.27 The News Quiz (S). 12.55 Weather; programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Little Dorrit (S). 3.25 Join Radio 3. 5.00 You Said It. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.15 Desert Island Discs with V. S. Naipaul. 6.55 Stop The Week with Robert Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Two-gun Cohan: Portrait of General Morris Abraham Cohen. 11.00 Lighten Our Darkness. 11.15 The Magic of Music (S). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News, weather, traffic, sport. 8.15 Weekend What's On. 8.30 Bob Powel's London Country. 10.03 Stuart Colman's Echoes. 11.30 The Rabble Vincent Show. 2.00 pm Time Off. 3.00-3.00 am Join Radio 2.

London Broadcasting

7.00 am AM—Steve Wood. 10.00 Jellybone. 12.00 LBC Reports. 1.00 pm Sportswatch. 2.00 LBC Reports. 7.00 Gent Mola. 8.00 The State of War. 9.00 The London Interview. 10.00 David Simmons—Nightline. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Breakfast Show (S). 9.00 Capital Countdown (S). 12.00 Kenny Everett (S). 3.00 pm Afternoon Delight (S). 5.00 Soul Spectrum (S). 8.00 Roots Rockers (S). 9.00 Charlie Gillett (S). 12.00 After Midnight (S). 4.00 am The Collection (Classical Music) (S).

TV RATINGS

w/e June 29

UK TOP TWENTY (viewers m)

1	Coronation St. (Wed.) (Gran.)	14.65
2	Coronation St. (Mon.) (Gran.)	14.00
3	Here Comes Summer (Gran.)	12.85
4	Crossroads (Wed.) (ATV)	12.75
5	Winner Takes All (Yorks.)	12.60
6	Can We Get On Now Please (Gran.)	12.55
7	The Krypton Factor (Gran.)	12.30
8	World in Action (Gran.)	12.10
9	Don't Just Sit There (Yorks.)	12.10
10	Starsky And Hutch (BBC)	12.05
11	The Killers (BBC)	12.00
12	The Other Half (ATV)	11.80
13	The Cuckoo Waltz (Gran.)	11.50
14	Crossroads (Tues.) (ATV)	11.40
15	Nine O'Clock News (Fri.) (BBC)	11.30
16	Robin's Nest (Thms.)	11.10
17	The Mallens (Gran.)	10.75
18	Emmerdale Farm (Tues.) (Yorks.)	10.35
19	Return Of The Saint (ATV)	10.20
20	Nine O'clock News (Mon.) (BBC)	10.15

Figures prepared by the Audits of Great Britain for the Joint Industry Committee for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen Ratings)

1	M.A.S.H. (comedy) (CBS)	23.2
2	House Calls (comedy) (CBS)	22.0
3	Dallas (drama) (CBS)	21.4
4	Lou Grant (drama) (CBS)	20.5
5	Taxi (comedy) (ABC)	20.3
6	Hart To Hart (drama) (ABC)	20.3
7	60 Minutes (news) (CBS)	19.9
8	Quincy M.E. (drama) (NBC)	19.7
9	Three's Company (comedy) (ABC)	19.5
10	Jeffersons (comedy) (CBS)	19.4

CHESS SOLUTIONS

Solution to Position No. 327

1 R-K3 (1 BxN? Q-N6 ch draws), N-B6 ch, 2 RxN, QxR; 3 P-K6! Q-Q8 ch; 4 K-R2! (4 K-N2, Q-B6 ch) P-N8 ch; 5 K-N2! Resigns. Black is out of checks and has no defence to 6 Q-Q7 ch.

Solution to Problem No. 327

1 N-B3, K-Q6; 2 N-B5 ch, K-B6; 3 B-Q2 mate.

COLLECTING

Some enchanted evening

BY JUNE FIELD

Up the airy mountain
Down the rushy glen
We daren't go a-hunting
For fear of little men;
William Allingham (1821-89) *The Fairies.*

ALTHOUGH the time of "high midsummer pomps" has passed, interest never really wavers in the mischievous sprites who assume human form in order to meddle in the affairs of mankind, alternatively benevolent, malevolent, whimsical and capricious.

They include elves, golbins, hobgoblins, brownies, pixies, leprechauns and the like, with, from the water, the mer-people, lorelei, and undines—female water sprites, not averse to marrying mortals.

The word fairy derives from the Latin *fatae*—the Fates, although in early writings the term elf is more common, Chaucer using it in *The Wife of Bath's Tale*, referring to "the elf-queene, with her joly compaignye."

In Shakespeare's *The Merry Wives of Windsor*, elves were ordered to "search Windsor Castle" and "strew good luck, ouphs, on every sacred room." (Ouph is an affectionate title for a pixie, as elves were called in Devon and Cornwall, where according to the natives they were the souls of infants who died before they were baptised.

In *The Encyclopaedia of Myths and Legends of all Nations*, by H. S. Robinson and K. Wilson (Kaye and Ward 1977), pixies were "small, generally handsome, and always dressed in green. Dancing was their chief amusement, which they performed to the music of the cricket, the grasshopper and the frog . . . by moonlight, on the moor, or in the dark shade of rocks. . ."

Among the Teutonic and Scandinavian races, the spirits of the underground were the *dwarfs or trolls*; stumpy little men. Gnomes, of the same family were guardians of mines and quarries.

Alison Packer, in her introduction to a delightful new book *Faries in Legend and the Arts* (Cameron & Tayleur in association with David & Charles, £8.95), considers that *gnomes are often wrongly* grouped together with fairies, and that they are, in fact, another species altogether, first described by the physician and alchemist Paracelsus (1493-1531) in *De Nymphis: "Creatures of Scientific theory*, elementals which are the embodiments of earth and supposedly able to move through it as easily as mortals through air."

Alison Packer is exhibitions officer at Brighton Museum, and with her two colleagues, Stella Beddoe and Lianne Jarrett, co-authors of the book, is responsible for the evocative exhibition *Fairies*, at the museum until July 13. The soft-backed version of the book, (£3.75 plus 60p postage from the museum), contains the catalogue of what is an exquisite *display claimed as the first* serious exploration of the fairy world to be attempted in this country.

Dimly-lit rooms with appropriately painted backcloths have become an enchanted *world, inhabited by such* as Robin Goodfellow, the Prankish forest spirit on whom Shakespeare based Oberon's henchman Puck, "that frights the maidens of the villagery," diminutive *Tom Thumb*, pigmy hero of the old nursery tale, and such manifestations as elf-shot (flint bronze age arrow-fairy loaves (fossilised seaheads from County Antrim), urchins), and a fairy stone which was tied to cow ears to prevent pixies stealing milk, plus armlets for protection against the little people.

Represented too are the famous Cottingley Fairies, five photographs taken by two young girls, Elsie Wright and Frances Griffiths in Cottingley, Yorkshire, 1917-20: although so *far there has been no convincing* explanation of how the results were achieved.

Paintings provide a rich harvest, from Richard Dadd's detailed fantasies to the ethereal illustrations of Arthur Rackham, Walter Crane and Jessie M. King, contrasting with the supernatural creatures of the Hungarian-born Willy Pogany (1882-1955), art director for Warner's First National Studios, and the bold, brash imagery of modern artist Peter Blake.

There are pantomime watercolours, programmes of plays, ballet lithographs, music scores (what else but Liza Lehman's "There are Fairies at the Bottom of our Garden," 1917), and, particularly appropriate, pieces of Daisy Makeig-Jones 1920s Wedgwood fairyland lustre, plus sculpture, dolls, costumes, and fairy-tale books in abundance.

It was Charles Dickens who appropriately summed up the appeal of the whole subject when, in *Household Words*, 1853, he wrote: "In a utilitarian age, of all other times, it is a matter of grave importance that Fairy Tales should be respected . . . everyone who has considered the subject knows full well that a nation without fancy, without some romance, never did, never can, never will hold a great place under the sun. . . ."

"The History of Tom Thumb," published by Nelson and Co., 1864, displayed in the exhibition Fairies, at the Art Gallery and Museum, Church Street, Brighton, Sussex, until 13 July, closed Monday, open Tuesday to Saturday, 10-5.45, Sunday 2-6.

TENNIS

Cawley wins, McEnroe argues in a day of drama

BY JOHN BARRATT

EVONNE CAWLEY yesterday reclaimed the crown that had appeared beyond her by defeating Chris Evert Lloyd 6—1, 7—6 to capture the Wimbledon *Women's Singles title for the* second time in nine years.

Mrs. Cawley had won here in 1971 as the 19-year-old Miss Goolagong and subsequently lost in three finals, one of them to Mrs. Lloyd in 1976. But there was little possibility of a repeat of that defeat even when the second set went to a tie-*break*. This was after there had been an hour's delay because of rain at the start of the second set.

Although she improved after that halt for rain, Mrs. Lloyd generally gave a listless performance against the 28-year-old Australian girl.

The women's final was delayed well over an hour because of the tremendous semi final duel between Jimmy Connors and John McEnroe which lasted three hours and five minutes before McEnroe fulfilled his seeded place in the final by winning 6—3 3—6 6—3 6—4.

Connors went on court, having won three of their four previous encounters this year but was always struggling to stay in contention on the sort of surface eminently suited to McEnroe's *serve and speed*. The tennis was occasionally of the highest calibre and there was sufficient "needle" particularly in the first set, to ensure that American Independence Day was celebrated with a few fireworks on centre court.

Less than half an hour's play had gone by, with McEnroe 4—2 ahead, when a fault was called on a ball which McEnroe clearly considered an ace. He said so, and vehemently, until he was given a public warning by umpire Pat Smythe and ordered "Play on" which he did after getting the referee Fred Hoyles onto court. *Connors also* wagged a finger at McEnroe at the next changeover telling him: "Don't start anything."

Having taken the first set comfortably enough in 43 minutes, McEnroe somehow managed to lose the second after more than an hour's play, having had break points on every one of Connors' four service games. He found himself 3—0 down when he could easily have been ahead by the same *score*, and in a seventh game, which lasted for 16 minutes and contained no fewer than ten deuces, McEnroe had eight opportunities to win the game and cast away all of them.

By then, Connors was spraying pain killing fluid on his left knee, having taken a tumble in the second game of the second set. He had damaged the same knee on Thursday against Roscoe Tanner and for a time against McEnroe, he limped heavily between rallies, though he claimed afterwards that the injury had not reduced his effectiveness.

McEnroe's brilliance on the serve can never have been better demonstrated than when he was serving for the third set at 5—3. He fell behind 30—15 but then uncorked four tremendous deliveries, one ace and three winners, to retrieve the situation and take the set.

After Connors had moved 2—0 and then 4—2 up in the fourth set McEnroe swept through the next four games, conceding only two points in each. Connors bravely saved two match points with flashing service returns but the third time McEnroe's serve was so deep and difficult to handle that Connors put a forehand return into the net.

Borg and McEnroe

Hugh Routledge

Crawlers and climbers

THE VAGUE and sometimes conflicting way in which gardener's use some terms must be confusing to newcomers to the hobby. "Compost," for example, means both the soil mixes in which seeds are germinated and pot plants are grown and the rotted refuse *which is dug into soil to enrich* it and improve its texture.

It would be fatal to use this latter type of compost for the former purpose.

So with "ground cover" and "climber," two terms that seem obvious enough on the face of it and yet are used in several conflicting ways. To me ground cover is precisely what the term conveys, a close covering of the soil like a carpet and, as Janet Browne points out in her new book, *Ground Cover Plants* (Ward Lock, £2.50 paper back, £3.95 hard-back), in this sense grass is the perfect ground cover though not always the most desirable one in gardens. But she goes on to expand the term, as so many writers do nowadays, to cover plants which are neither *prostrate* nor even low growing; plants which in her own words can reach quite a height and become specimen features thus *giving* variation in the final landscaped effect of the garden. Well, if one simply wants *to* cover ground with such a dense canopy of leaves that little will be able to grow beneath it, there are few things better than beech trees but that is not my idea of ground cover.

In terms of furnishing gardens, I prefer to equate it with the carpets and rugs one would use indoors to cover bare floors just as I equate climbers with the drapes and wallpapers with which one covers interior walls.

Yet immediately I land myself into an ambiguity which Alan Titchmarsh recognises clearly in his companion volume in this excellent Concorde Gardening Book series (Ward Lock, same prices and formats) and cleverly sidesteps by giving the title *Climbers and Wall Plants*. For, by wall plants I take it he means plants which nature has failed to endow with any natural means of climbing but which nevertheless lend themselves readily to training against walls and sometimes gain distinct benefit from the protection a wall can give.

Almost all the *ceanothus* species and varieties are of this kind though a few spread themselves flat and are rightly to be regarded as ground cover. *Ceanothus prostratus* is of this type and in California, where it grows wild, it is known as Squaw Carpet.

Unfortunately it is too tender for any but mild maritime gardens in Britain, which is presumably why Janet Browne does not include it, but she does list *C. thyrsiflorus repens* which forms a wide mound and is one of the hardiest of these "Californian Lilacs."

The plants which I most value as ground cover are crawlers, the ajugas in all their wide variety of leaf colours from cream to pink, purple and bronze, the romping acaenas with their amusing little burrs, some of the lamiums and stachys, the epimediums which need to be sheered in winter so that their barberry flowers stand well above the tender young leaves unimpeded by the shabby hangers-on from last year, and all the viola tribe in a myriad varieties, only a few of which are widely known in this country.

I like the periwinkles in moderation but find that Vinca major can spread faster than I can pull it out. For the same reason I regret that many years ago I accepted a gift of the variegated yellow orchangel, *Lamium galeobdolon variegatum*, from Margery Fish.

I should have known better for she had described it as "hurling itself down the banks." It now threatens to hurl itself throughout my garden and I only prevent it from doing so by frequent weeding.

The Rose of Sharon, *Hypericum Calycinum*, *is even worse* and far more difficult to drag out yet in the right place, and especially to bind soil on a bank, which is another useful purpose of ground cover, it is unrivalled.

There lies the rub of the whole matter. Really effective ground cover, effective that is to say in smothering weeds, can almost always become a weed itself unless it is stringently controlled.

That, perhaps, is an argument in favour of using plants that do not hug the ground so closely, shrubs like the rock roses, small brooms and barberries which Janet Browne describes so plentifully.

They leave the gardener the opportunity to weed beneath them or even use a weedkiller carefully introduced by means of a sprinkler bar or a well-hooded spray nozzle so that one is not faced with that most daunting of all ground cover problems, the elimination of weeds that have managed to establish *themselves despite the* protective covering.

No one who writes about ground *cover* ever seems to note that it inevitably reduces the fertility of the soil. Fruit growers use grass for precisely that purpose keeping their young trees clear of all undergrowth until they are ready to bear and then grassing down the orchards so that growth is checked and fruit buds form freely.

The same kind of effect occurs with any dense, all-over growth and one must either accept it or compensate for it by extra feeding.

Roses, for example, thrive on new growth and must never be allowed to starve and if ground cover is used beneath them the rate and frequency of feeding must be increased. Rhododendrons and azaleas are, by contrast, accustomed to survive in relatively infertile soil and ground cover will not usually inconvenience them.

GARDENING

ARTHUR HELLYER

If only I had . . .

THE CONNECTION between Massimo Mannelli and Martin Poxon is not immediately obvious. *Nor indeed is it* very well established and it is entirely possible that neither of the persons concerned is even aware that there is any connection at all.

You have to follow golf fairly closely to know about either of them. "Who, or what, is Massimo Mannelli?" might not get an automatic answer in "A Question of Sport," for not everyone is that concerned about who won the Italian *Open this year.*

And you would have to read the leading scores both closely and very *frequently to* have even heard of Martin Poxon.

And yet there is a connection between these two relative unknowns, and in professional golf terms, it is an important one. For if it wasn't for the *likes of Massimo Mannelli, the* whole *raison d'etre* of Martin Poxon would vanish overnight.

To explain. Earlier this year Mannelli, an Italian, won his country's Open Championship. He did so having done almost *nothing of note* in any previous season and indeed, since winning, has done nothing more of note.

In 1979 Mannelli was 90th in the Order of Merit, he won just over £2,500 and his best performance was joint 17th in the Welsh Golf Classic. It was a season of almost unrelieved gloom and since it probably cost him two or three times his winnings the clouds' linings were certainly not of silver.

His biggest problem at the start of 1980 was whether to *continue on the tour at all* and the fact that he chose to owed everything to optimism and nothing at all to cold logic.

Wherein lies the connection? If it wasn't for the fact that people like Mannelli occasion*ally* leap out from the undergrowth and win a tournament, there could be no possible justification for the likes of Martin Poxon, and the 90 per cent of the tour players who fail to make a living, continuing on the circuit.

Perhaps in no other game *are the possibilities for self*-delusion so readily available. The "if onlys" in any given round are so numerous that the average golfer, debarred from using the phrase, would be slowly strangled into speechlessness. *For the professional* his livelihood, his whole life, turns on "if onlys."

I have known one, in all seriousness, tell me that if only he hadn't eaten toast for breakfast he would not have de*veloped* the flatulence which later virtually forced him to three-outt five times.

Which brings us to Martin Poxon. He does not, as far as I know, suffer from flatulence. He is a bright, intelligent, well built young man, with one of the best swings on the tour, and *if* only he had not taken nine on Wentworth's 16th in the recent Martini tournament he could well have qualified for the final two days.

Last year Poxon finished 66th in the Order of Merit, with nearly £5,000; a record not that much better than Mannelli's. He too had to consider whether to keep playing the tour and he too all wed that perennial optimism to sustain him. If only I can keep qualifying; if only I can win a big cheque; if only I can win a tournament.

The trouble is that you don't do any of those things while you are still taking nines. And the further trouble is that unless you start doing all those things, then the more *likely* you are to keep taking nines.

The pressure builds up, the pressure to score well, to earn a living, to actually eat—and before you know where you are you stop thinking and start play*ing golf* by a *sort of* remote uncontrol.

That is what happened to Martin Poxon. He was actually on the 16th tee, with his caddie 100 yards ahead, before he realised that he had the wrong *club in his hand*.

The sensible club is a one iron. Poxon had the driver. So he hit it. Out of bounds. So he hit it again and lost the ball. Five off the tee and out of the tournament. The hole is a par four and Poxon *missed the* cut by four shots.

If only he had called the caddie back and taken his one iron he might have stayed in the tournament, which would have meant that he would have had a better chance of playing in, and, who knows, winning the next tournament.

That kind of experience can be devastating. If Private Eye could have seen Proxon after that round they would perhaps be less free with their "ashen-faced, trembling" descriptions. One such experience is enough to make a lot of people give up and when it happens, as it does to most of the aspirants on the tour, repeatedly, it takes a lot of character to carry on.

It also takes a Massimo Mannelli. Or—remember them? —a Paddy McGuirk or a Phillipe Toussaint or a John Cockin, all of whom won a tournament and then retired to obscurity as rapidly as they had risen from it.

Hope springs eternal, and if only. . . .

GOLF

ROGER PAUL

FINANCIAL TIMES

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One toe in the water

THE long-awaited, infinitely cautious first step in easing the credit squeeze has been accompanied by a number of official statemeots to underline just how tentative it is. There "appears" to be reason to believe that the monetary pressur io the economy "may" have begun to ease: this is not the preliminary to a progressive easing of interest rates: the next step must await further evidence on the money supply. Just to drive the point bome, another £1bn of Government stock has been issued, despite the official confirmation that funding already covera foreseeable needs for mooths ahead. The market doesn't believe a word of it.

Voice of experience

There are two strong arguments for this scepticism. One is based on experience of past deflations and the other on the actual events of recent weeks. Past experience shows that once the market is convinced that interest rates have really started to move down, the funding "problem" temporarily vanisbes. The fact that the yields now on offer may not be seen again for some time — and convioced monetarists, who are not rare in the City, ought to believe that they will nerer be seen again—means that there will be eager takers for any amount of stock which the authorities feel it necessary to issue. This well known syndrome, known as the Grand Old Duke of York maneouvre, is still effective in the appropriate climate of expectations and the market clearly believes that the authorities will bring it off again in spite of themselves.

This bope is strongly reinforced by recent events. First, in the real economy, there has been every sign of a desperate drive to restore corporate liquidity. Prices in durables have been cut heavily to liquidate stocks, and every day seems to bring sad news of factory closures. Consumer caution is apparent not only from the retail figures and the accumulation of unsold stocks, but also from the sudden shortening of the queues for mortgage funds, despite very low building society inflows. These are precisely the developments which will check the growth of money and credit; the market sees little need to wait for confirmation in the official statistics.

Pattern of prices

The pattern of price movements suggests that investors expect short rates to fall a long way. It is only on this supposition that the very sharp rise in equity values, and the relatively sluggish performance of the gilts market makes any sense.

A large fall in short rates would bring real and substantial relief to corporate finances. Meawhile, however, reports of continued difficulties in controlling public spending, and a still further programme of cuts, suggest that the cumulative funding programme may be a good deal larger than waa eovisaged io the Government's statement of medium-term strategy, despite the expected rise in oil revenue. In these circumstances the recession could allow a large fall in money ratea, but the need to finance Government spending could check any fall in long rates.

It ia difficult to fault this scenario aa a forecast; all past experience argues for it. However, the picture it presents of official policy is not a happy one, and here perhaps the authorities will be able on this occasion to prove that a sceptical sense of history is not always a safe guide to the future. There is, after all, no precedent for a postwar Government which is making urgent efforts to cut public spending in the middle of a severe recession; and there are grounds for hope that funding policy, too, may be under review.

Mrs. Thatcher and her Ministers have had to learn two painful lessons in fiscal management in their first year in office. The first was that their strategic aims did not inspire enough immediate confidence to enable them to get away with a first Budget which stepped firmly off on the wrong foot, with an excessive borrowing requirement. The second was that casb limits are no substitute for active management.

Welcome U-turn

The Cabinet is now firmly committed to getting a real grip on pay and manning in the public services: and while experience may justify scepticism ahead of the actual results, it is here that the Government is showing its consistency. There will be some very painful dilemmas about industrial support—and Ministerial worry is displayed in the uncharacteristic decision to instruct the RAF to buy British light transports even at extra cost—but the underlying aim looks firm.

However, the long-term aim of mobilising private capital for industrial revival may also call for radical chaoges in the traditional mode of funding. Eodless tap stocks not only attract foreign funds, but they exclude industry from the markets: and the cost of servicing them more than accounts for the borrowing they finance. Innovations here, consistent with Ministerial hopes that inflation is indeed being squeezed out of the economy, would be a most welcome U-turn.

MLR cut: caution is the watchword

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THURSDAY'S ONE point cut in Minimum Lending Rate to 16 per cent has a mainly symbolic significance in the short-term. It is an augury both that the Government believes that its monetary policies are at last working, and of what may come later this year and next.

The immediate practical impact ia likely to be limited. The one point cut in the cost of bank overdrafts announced yesterday will not make much difference to the liquidity or the survival prospects of companies. After all, industry will still be paying between 17 and 20 per cent for its bank loans.

Similarly, sterling has remained relatively firm in foreign exchange markets after an initial drop in the immediate aftermath of the announcement of the MLR cut. This is a reminder that a one point cut still leaves UK interest rates far higher than returns abroad. There may therefore be no quick easing of the problems posed for industry by a strong pound.

Consequently, the economic facts of life remain largely unchanged. The recession is still likely to deepen during the rest of this year, unemployment is likely to rise and industry is likely to remain under tight financial pressure.

The move cannot, however, be entirely ignored since it is obviously better than nothing. The one-point cut in overdraft rates might save companies and individuals more than £400m a year in interest chargea. While there will be a simultaneous reduction in interest payments on deposits, the impact will mainly be felt by the financially secure rather than the hard-pressed.

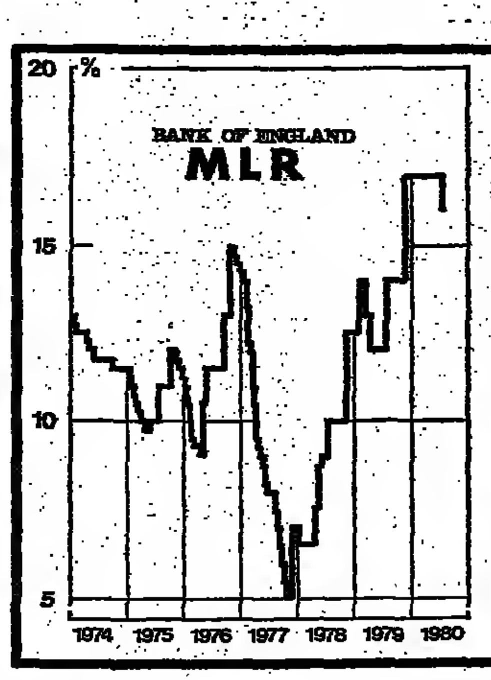
For industrialists, the cut in MLR ia also a sign — even if an over-cautious one — that the Government has paid some attention to the mounting chorus of complaints about the damaging impact of high interest rates.

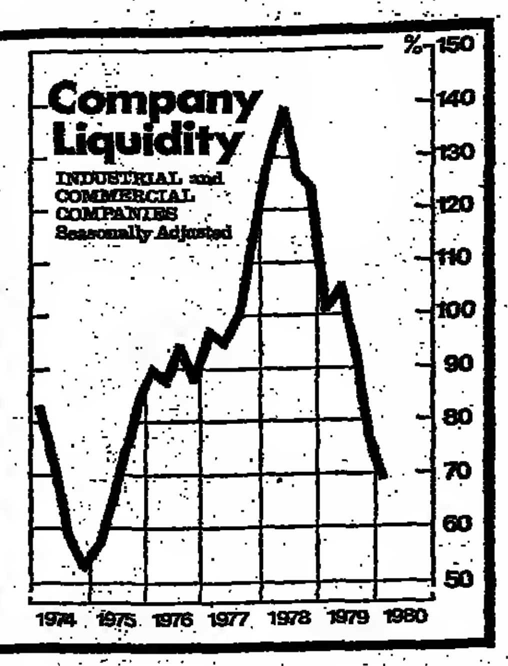
The Government views the move differently. For Sir Geoffrey Howe, the Chancellor, and his colleagues the cut is not a response to industrialist or backbench pressure and is, mostly emphatically, not a change in policy. Instead the move is being presented as a vindication of existing monetary policies. All governments, of course, say that—especially at the moment when their policies are undergoing their most radical change.

Sir Geoffrey Howe no change in policy

The decisive factor was the evidence of deepening recession

But on this occasion it is reasonable to claim that a cut in MLR is broadly consistent with the Government's "monetarist" approach. The essense of this policy is that a reduction in the rate of monetary growth will, after certain time lags, cut the rate of price inflation. This is implemented through the setting of a target—currently 7 to 11 per cent a year — for the growth of sterling M3, the broadly defined money supply which consists mainly of notes and coins and banks deposits.





The main influences on sterling M3 are the size of public sector borrowing and the level of interest rates. The Government has argued that a reduction in the former is necessary if an excessive interest rate pressure on the private sector is to be avoided. But for much of the period since the election the Government's record has undermined its aspirations. The reason why MLR had to be raised from 14 to 17 per cent last November was essentially because the Government's fiscal and monetary policies were incompatible. Public sector borrowing was very high at the same time as private sector demand for credit remained buoyant.

The monetary squeeze did not really start until November and it took time to work through. This is why MLR was unchanged for the longest time since the present system started in 1972. Admittedly, sales of very large amounts of gilt-edged stock mopped up liquidity and reduced the rate of monetary growth to around the upper end of the official target range by the late spring.

But there were continuing uncertaintiea both about the level of public spending and borrowing and about the underlying strength of private sector demand for bank credit, especially after sterling M3 jumped by 2.1 per cent in May. Consequently, some City analysts were suggesting last month that an MLR cut should be delayed until the late summer, when for example, the impact of the end of the so-called corset controls on the growth of the banks' operations might be clearer.

The Government was, however, becoming impatient. Ministers were being reminded daily by industrialists and by their own backbenchers of the problems caused by high interest rates. At the same time the economic news was becoming steadily blacker as output fell and redundancies rose while earnings growth accelerated. So there was a desire to produce some evidence that the Government's monetary policies were working in some way. A cut in MLR was the obvious way.

Speeches 10 days ago by Sir Geoffrey and Mr. Nigel Lawson, the Financial Secretary to the Treasury, suggested that the Government was looking for an opportunity to cut MLR as soon as was compatible with the monetary target. A crucial hurdle was the June banking figures, which are due to be published next Tuesday. The first indications, within the Treasury and the Bank of England earlier this week suggested that these would show some moderation in monetary growth.

The Government is likely to stick to a cautious approach.

The decisive factor seems to have been the daily evidence of deepening recession. This led the Government to conclude that, whatever the recent uncertainties, the underlying demand for credit might be beginning to ease. On this view it would be wrong to continue with a 17 per cent MLR since it might risk an unduly severe squeeze on the economy. Consequently, MLR should be cut now in anticipation.

This is regarded as being consistent with keeping the rate of monetary growth within the official target range, though the emphasis of Government policy has moved from a concern primarily with the recent past to taking a view on the immediate future.

The consequent cut in MLR can be seen either as risky or over-cautious depending on your view of possible monetary developments. The first view is that financial pressures and an excessive level of stocks as well as high public borrowing will push up monetary growth. The second, and predominant, view is that the growth of bank lending will fall sharply as industry cuts its stocks; consequently, a one point cut in MLR is too cautious.

The Government is likely to stick to a cautious approach. This does not mean there will not be further cuts in MLR this year: there almost certainly will be, but only gradually when there is evidence of a further slackening in the rate of monetary growth. The Government wants to avoid a repetition of the belter-skelter drop from 15 to 5 per cent of 1976-77, not least because it was followed by a rise to 12½ per cent in the subsequent 12 months.

However, much to the Bank of England's eternal regret, these matters are not entirely within its control. The financial markets also have a say and the sharp fall in the Treasury bill rate at yesterday's tender suggests that the City is already looking for a further decline in interest rates before long.

A small step towards cheaper mortgages

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PROSPECT of cheaper home loans by Christmas moved a small but significant step forward with this week's MLR cut.

The 1 per cent fall will in itself have no impact on building society deposit or mortgage rates: but for the first time since the cost of bome loans hit a record 15 per cent in January, society executives see a reduction in sight.

Mr. Leonard Williams, chairman of the Building Societies Association, said yesterday that while no-one should believe that a modest decline in interest rates generally would change the societies' present position, a cut in mortgage costs would be possible eventually if the trend continued.

Mr. Williams emphasised that, "out of a sense of responsibility towarda the general economic wellbeing of the country and especially out of concern for the position of existing mortgage borrowers," the societies had deliberately pitched the last increase in interest rates at a level lower than the 17 per cent MLR justified. As a result, they had ground to make up before taking any action.

There is a chance that another 1 per cent reduction in MLR could see the cost of home loans coming down: the adjustment may be small and would not necessarily be followed if other interest rates showed only limited further falls.

Any chance that the country's 5m mortgage-assisted bome buyers, together with millions more potential owner-occupiers, could see cheaper home loans by the year-end will be warmly welcomed not only by them but by the Government which, with great discomfort, bas had to watch mortgage rates soar in the wake of their anti-inflation policy.

The first real prospect of lower mortgage rates comes at a time when the home loans industry finds itself in a highly unusual situation. For the first time in many years, the building societies can just meet a mortgage demand which has been dampened by economic uncertainty, the poor outlook for growth in real incomes and house prices which are again relatively high in relation to earnings.

High interest rates generally in the economy have meant that the societies have in the first half of 1980 been attracting less money from investors, but even so they are — with the help of increased repayments from existing borrowers—lending at an annual rate above last year's £9bn advance total.

The societies were expecting the inflow of funds to improve from July onwards because of seasonal factors and lower competitive rates as a result of the fall in MLR could help swell their intake in the next two or three months.

With the demand for mortgages now lower, the societies might feel that any further cut in general interest rates will give them more room for a limited reduction in their own rate structure. Every effort will be made, however, to ensure that any reductions leave them with a comfortable margin over their competitors in other deposit-taking institutions. If some people within the building society industry get their way, that margin will remain wider than bas traditionally been the case.

In their enthusiasm to restore predominance in the savings market the building societies will have to ensure that they do not become "too competitive." If the demand for home loans remains depressed even when the cost of mortgages begins to slip back—a distinct possibility in view of the recession—they could find themselves awash with funds for which there are no customers.

While the attraction of investing profitably such temporarily unwanted resources would be considerable, outside pressure to bring rates down further—and more into line with those of their competitors—would be equally forceful.

The societies' operating margins will create pressures for an early adjustment to their own rates. These have been narrowed down considerably and with the virtual certainty that the societies' composite tax bills for the current year (payed on behalf of investors but not yet fixed) and next year will be substantially bigher than in 1979-80, they will want to widen the gap between investment and borrowing rates when there is any change.

The likelihood is that a limited fall in the mortgage rate towards the end of the year will be accompanied by a bigger cut in the share rate offered to investors.

Mr. Leonard Williams eventual cut is possible

Letters to the Editor

Pricing

From Mr. L. Robinson.

Sir,—It has been stataed that Britain is the omst profitable market for foreign cars. hTis is hardly surprising in view of the strong pound and the domestic price level of British cars. But why need the car industry and indeed other industries exacerbate the problem of pricing in this car of inflation by applying all too frequent price increases?

Annual recovery target	Quarterly adjustments Increase	New price level	Half-yearly adjustments Increase	New price level
15 %	5.7%	124.8%	9.7%	120.3%
17½%	6.6%	129 %	11.2%	123.6%
20 %	7.5%	133.5%	12.8%	127.2%

It is a fallacy that such a policy better recovers costs for on the basis of a specified new price over a fixed term, the fewer increases the higher the recovery. Expressed another way and as indicated to recoup a nominated percentage over a set period will more inflate the final price level the more frequent are the increases. An uplift in recovery of 17½ per cent over the year necessitates a 6.6 per cent quarterly increase as opposed to an 11.2 per cent half yearly rise. Yet the price level at the year end has increased by 29 per cent on the basis of quarterly adjustments but only by 23.6 per cent in respect of six monthly price movements.

When the pattern of frequent price increases is compounded over a number of years—each time from a higher plateau—is it any wonder that the ensuing price escalation procides ample scope for foreign competitors to enjoy a high level of profitability! Yet we seemingly continue to perpetuate these self inflicted wounds despite the uncompetitivenesa, confusion and administrative burdens associated with frequent price increases.

Lionel Robinson,
"Arncliffe,"
Christchurch Crescent,
Radlett, Herts.

Names

From Mr. E. Pond

Sir,—Experience over the last few years suggests that any company in our position must expect to be imitated and have its name copied, leading to inevitable actions for passing off. This might to some extent be the unavoidable part of being successful in business, but for a small company the cost and, particularly, the time involved in protecting one's industrial property is almost too much to bear.

Over the past ten years one action has come to court in Scotland, where we were successful; three legal actions for passing off have been commenced to be settled out of court; three other infringements were settled by agreement. In nearly every case we were only made aware of the existence of some other company using our name when we were invoiced for goods we bad not ordered when a supplier did not only presume that the company using our name was part of us, but also, at the same time, gave that company a credit rating based upon our good trading record.

A recent search of the index at the Business Names Registry produced another seven users of our name, of wbom we bad not previous knowledge. The situation is absurd. To settle out of court and get the matter out of the way by each side paying its own costs after issuing an injunction and taking counsel's advice inevitably means a cost of something in the region of £2,000, without any account of the time wasted. In one or two cases it is possible to believe that the small shop that opened up as Paperchase might not have known of our existence and certainly had no idea that they were infringing and liable to an action for passing off.

The usual defence, even from lawyers, in the first instance is "The Registrar of Business Names has accepted our registration," assuming that such registration necessarily confers rights in the name to the party making the registration. We have obtined trade mark registrations in the UK and in a number of other countries in order to protect the use of the mark, but this in no way gives us protection from continued misuse of the trade name.

On the formation of a limited company, one quickly find out whether or not a proposed company name is acceptable to the registrar, the purpose being to avoid possible future confusion. Cannot something similar be done with regard to busines names? It would certainly help both the small company and the individual proprietor.

E. Pond,
Paperchase Products.
213, Tottenhom Court Road,
W1.

Recruitment

From Mr. B. Baboulène

Sir,—A great deal arises from Observer's last titbit on June 26 where he quotes Kit Power to the effect that a successful nominator of a candidate to succeed Sir John Melbven at the CBI is expected to play his part for nothing more than the pleasure of seeing his nominee appointed.

The nominator would be breaking the law otherwise, for the Employment Agencies Act 1973 forbids anyone to recruit for third parties for payment unless he is a licensed employment agency. But you have only to open almost any paper at the jobs pages at any time to see that this law is being flouted wholesale by people who would not dream of running an unlicensed pub or taxicab. Agencies which paid under £5 a year for a local authority licence pre-1973 and innocently re-registered with the Department of Employment under the Act have seen the cost rise to £108, in return for which they get a string of regulations but no protection from piracy whatsoever.

A large part of the trouble would be met if the media were required to refuse recruitment advertisements recognisably on behalf of third parties unless the advertiser quotes his licence number.

It is also implicit in the Act that an agency may not charge both the candidate and the organisation for which he is an actual or potential recruit, yet there are some bodies, notably some prestigious professional associations with subscribing memberships, who make a charge to the recruiting company or other organisation for identifying or placing members available for employment. Other such bodies fall over themselves to help their unemployed members, at no special charge besides the subscription paid by the members, when rung up or written to with jobs on offer. One wonders whether the memberships in the former class realise what is going on, and the implications for their prospects of finding new jobs, if necessary, through their professional bodies, which exist to serve their interests.

One also wonders how such bodies charging both parties to a recruitment come to be licensed, if they are. An employment agency might be delighted to form itself into an association and charge all its candidates an annual membership subscription in addition to its fees to client companies.

Bernard L. Baboulène.
10 Richmond Avenue,
SW20.

Salaries

From Mr. K. Anderson

Sir,—In taking Michael Dixon (June 17) to task for reporting on a recently published survey of bank salaries and benefits with "paucity of background explanation." R. T. Addis (June 23) is clearly sceptical of the earnings ranges given. Specifically, he queries the salary of a loan manager and inquires "what, on this basis, senior managers and directors in the City may now aspire to."

A loan manager, defined in the survey as "senior vice-president rank or equivalent," is a senior management appointment. Michael Dixon pointed out that "it is beyond the scope of this column to report on the whole survey." He also made it clear that, taking the clearing banks' recent pay rise as his cue, he had augmented the survey's figurea by 20 per cent.

I am sure that Mr. Addis is aware of the range of fringe benefits typically associated with banking appointments at this level and would agree that to estimate their cost at around 40 per cent of base salary may be to err, if at all, on the side of caution.

Kenneth W. Anderson,
Jonathan Wren and Co.
170, Bishopsgate, EC2.

De-registration

From Mr. N. Freeman

Sir,—I would take issue with Mr. Cowdry's letter (June 13) which perhaps more correctly should be headed "Company De-registration." He states that surplus assets remaining after creditors have been paid are liable to be declared bona vacantia and thus be claimable by the Crown, etc.

If such surplus assets are returned to the shareholders as a return of their capital, the inspector of taxes will accept it as such, if he receives an undertaking from the shareholders that the corporation tax if any will be paid, that the proceeds thus received will be returned by them for capital gains tax purposes, and that the company will seek de-registration under Section 353.

Having thus disposed of the assets, and cleared the liabilities including corporation tax, the company is then in a position to make the requisite declaration to that effect to the Registrar of Companies, who then proceeds to apply the Section 353 procedure.

The bono vacantia problem, therefore, should not arise, and indeed has not in my experience, having carried this procedure out on a number of occasions. It is termed by inspectors and accountants "an informal liquidation."

Norman Freeman,
59 Hollybush Hill,
Snaresbrook E11.

Indexation

From Mr. W. Bishop

Sir,—The proponents of index-linked stock issues by Government seem to overlook the effects of excessive Government borrowing on the private sector's ability to raise funds in long-term financial markets. The private sector has for some years effectively been precluded from long-term borrowing by Government's pre-emptive funding in the fixed-interest sector. The ability to issue index-linked stock would give Government similar power to pre-empt available funds for investment in equity-type media, including the property market as well as the equity market, since in these markets the investor also accepts a low immediate yield with the objective of achieving a positive overall return in real terms.

There may be those who would accede to such an extension of Government's power to raise finance in the belief that it would be used only in a responsbile manner; in view of the record in recent years of irresponsible fiscal management and excessive use by Government of its existing power to fund in fixed-interest markets, I am certainly not among them.

W. J. Bishop.
"The Springs," Oakenden Lane,
Chiddingstone Heath,
Edenbridge, Kent.

How ITV is losing the ratings war

BY ARTHUR SANDLES

ANYONE looking at the way in which ITV is currently working out its schedules for the crucial autumn season might be forgiven for thinking that "commercial" is the wrong word for the independent system.

The schedule evolves according to a set of rules more ritualistic than any stately saraband. The strongest argument in favour of the process in the past has been that it works. Recently, however, as ratings have withered, there have been rumblings from both the advertising industry and the regional television companies that the grip of the major contractors — Thames, London Weekend, ATV, Granada and Yorkshire—is both too tight and yet ineffective in the ratings war with the BBC. Certainly that argument appears to have borne some weight with the Independent Broadcasting Authority as it set up the Fourth Channel Board-designate. Here at least power will no longer rest with the majors.

The five major contractors are known as "network" companies because they are expected to be the major source of the peak viewing networked material that is shown on ITV nationwide. This expectation is in fact a commitment which is defined in mathematical terms. The exact workings of the system have been a closely guarded secret for years. Even the IBA's own representatives are excluded from detailed financial discussions. The gaff was blown somewhat only a few weeks ago when the trade magazine Broadcast dug out some of the figures. It suggested that Thames is required to produce 25.6 per cent of material, LWT 17.38 per cent, Yorkshire 15.3 per cent, Granada 19.6 per cent and ATV 22 per cent.

> **British television works on the basis that nothing is thrown away**

In applying these percentages to any one year the tendency is to take quantitative, rather than qualitative judgments. Programmes are chosen not necessarily because they are the best thing for a particular time but because it is a particular programme company's turn.

Part of the reason for this is that money very rarely changes hands among the majors. The network system works in notional pounds and the companies go to great lengths to ensure that the notional money balances at the end of the year and that no one has spent too much or too little.

This is where the financial crunch comes for those ten companies which are not members of the exclusive network club. Although a regional company has the freedom to ignore the network offerings and show alternative programmes — a practice followed to a degree by those areas with a particular national identity, such as Scotland, Ulster and HTV (Wales) — the regional company must still pay its share of the bill. And, unlike a network member, it must pay in cash.

Thus any company which refuses a network show must not only pay for what it may not wish to use, but also pay additionally for whatever material it screens as an alternative.

The defence of this system is that it brings stability. By having mandatory payments for programmes, each individual company gets them for a much lower price than if there were a true pick-and-choose market place.

The system is not dissimilar to that employed by the major cinema chains in the 1950s and 1960s where the circuits offered films they had either made or bought on contract and which were shown for fixed periods regardless of their quality.

Mr. Colin Shaw of the IBA (left): "no deals;" and Mr. Brian Tesler of London Weekend, the main network heavyweight on the Fourth Channel Board

The film production industry works on a wastage level of at least 30 per cent. Lord Delfont, Lord Grade or 20th Century Fox reckon that nearly one-third of the pictures that are made will lose money. Most of the rest will be steady but unspectacular earners and, with luck, one or two will be winners of a Star Wars magnitude.

Book publishers work on a much higher wastage rate, with more than three-quarters of some fiction being not worth the effort.

British television, however, works on the basis that nothing is thrown away if it has gone as far as being committed to film or tape.

The IBA itself concedes that the system has faults but is not enthusiastic about change. Like the companies, it argues that the wastage involved in a free market would be unacceptable.

Yet the IBA is determined not to have the same system operating in its Fourth Channel. The Authority's director of television, Mr. Colin Shaw, talks of "no deals, no pre-allocation." The IBA view has already started to win round some of the less cynical independent producers who had believed that the Fourth Channel would become an extension of the network-dominated ITV 1.

The main network heavyweight on the Fourth Channel Board will be Mr. Brian Tesler, managing director of London Weekend. Ms. Joy Whitby, the other network representative, is head of Children's Programmes at Yorkshire. A concession made to the Independent Television Companies Association (ITCA) is that two other ITV chief executives are on the Board, although neither are from network companies. They are William Brown of Scottish and David McCall of Anglia.

The great joy of the smaller companies and the independents in the new system will be freedom of access and equality of treatment with, they hope, programme assessment on no other basis than quality. This will not, however, plunge British television into a free-for-all in which a company can work for months on a commissioned programme and find it rejected. The IBA is still keen to avoid wastage, and will still therefore take a grin-and-bear-it attitude when something which looked good on paper turns out to be a disaster.

The worst fate usually to befall a bad programme is that it loses its initial slot, and even this is not a frequent occurrence. Ask a television man to quote examples of shows which have bitten the ratings dust and there tends to be a degree of head-scratching.

Sorting out the ratings arguments is a tricky task. In spite of its financial problems the BBC has taken a much more aggressive market stance in recent years to the extent that it is accused of going down market: doing a Daily Express to ITV's Sun, as one television executive put it. At the same time ITV itself is programming an increasing quantity of serious, and thus marginally less popular, material, much of it at the insistence of the IBA.

Advertising agency Young and Rubicam, in its most recent review of media matters, commented: "Analysis of the April audience figures . . . shows a continuation of ITV's poor performance. Network ratings are down 11 per cent compared to the same period last year, exactly the same as in March.

"But there are some outstanding variations. Anglia and Border have recovered to almost their 1979 levels, whereas the Westward, Harlech, Ulster and Lancashire stations are substantially down, though Lancashire has staged a partial recovery since March. Not since the disasterous second half of 1976 has ITV performed so badly and, in view of the poor summer schedules, the companies will be faced with a tough job recovering audiences for the key autumn advertising season."

Since audiences are the heartbeat of advertising agencies the admen keep a constant finger on the television pulse. In recent months they have not liked what they have felt.

The vision of an advertising downturn is accentuating the internal debate within ITV. In particular it is likely to sharpen calls for News at Ten to be moved to a more comfortable time. The argument is that the news programme sits like a bookend at 10 o'clock and puts an effective end to the peak viewing period. My own conversations within the IBA's Knightsbridge headquarters suggest that any campaign to move the news to, say, 9.30 in order that popular shows could resume afterwards is going to fall on stony ground. News comes very high on the IBA's list of priorities and it sees the half-hour programme as a scheduling problem wherever it is placed, and thus believes it is probably best left where it is.

In a bid to overcome the book-end problem ITV has recently introduced the practice of running shows, usually drama, around the news.

> **The BBC is accused of doing a Daily Express to the ITV's Sun**

The one drawback to this method of keeping audiences is that it once again bites into time which has traditionally gone to the regional companies. Normally many stations go local at 10.30. If the network has started a major production at 9 o'clock (to coincide with the main BBC news and steal audiences who want something lighter) and plans to end the show at 11.30 then there is very little a regional company can do about it. To opt out of 30 minutes of network programming is one thing. To opt out of two hours is another, and very expensive, kettle of fish.

The IBA's own role in such scheduling decisions is very important. The Authority acts as both rule-maker and referee in the ITV system and the companies have to go through a lengthy process of consultation about working out new schedules. Provisional ideas for this autumn were submitted to the Authority last month and comments on them have already winged their way back to the companies themselves.

Network second thoughts will be produced at the end of the summer, after many informal contacts. The programme controllers' meetings which lead up to both the first thoughts and the revised programmings are not quiet affairs. For all the formal agreements there are many angry words about who gets what slot. Bad scheduling can kill an otherwise good show—putting it after an unpopular programme and against one of the BBC's best, for example.

Over the years the IBA has insisted on more balance in schedules. Its last annual report showed that news and news magazines took up 10.5 per cent of ITV time against 10 per cent in the previous year. Current affairs and documentaries saw a rise from 11 per cent to 11.75 per cent. Entertainment went down from 21 per cent to 20 per cent.

"Although the changes in the ITV programme mix from year to year may seem small in percentage terms, when examined in more detail and over a longer period they are considerable," says the IBA.

Considerable enough to hit the ratings, say some observers. But whether or not this is true the spotlight is now on the way in which ITV chooses its programmes and the way in which they perform against a hard-up but remarkably lively BBC.

Weekend Brief

Corporate strawberries and lobster amid the social whirl . . . polishing up the Eiffel Tower . . . and Peking's wall change

Wimbledon: hit by rain, supported by Mammon.

Of courts and corporations

FOR ALL the rain of the past couple of weeks, which has reduced attendance by 20,000 Wimbledon may come out of its annual championships on the right side of the books. Over the years the vagaries of both the weather and the sporting world have forced the gentlemanly pastures of south west London into the world of nasty commercialism. As a result the championships no longer rely on daily ticket sales, but rather more on the earthy realities of debentures, television rights and private marquees. The whole event could be deluged in rain and still end up with a positive figure at the end of the day.

When it comes to actual figures then everyone becomes a little vague. None the less there are clues to ways in which the championships are underwritten these days. A Coca-Cola sign has now joined the Robinsons Barley Water bottles beneath the umpire's dias, for example. Sharp-eyed spectators may notice that it is NBC television of the U.S. which gets first crack at many post-match interviews rather than our own dear BBC.

To see another money-spinner, however, the spectator would need not only good eyesight, but also a pair of hedge clippers. Behind the lofty greenery of the outer courts there is a tented village where the champagne flows and the strawberries are served in splendid abundance. This is the land of the private marquees, where companies reward loyal customers and woo the influential with the aid of genteel luncheons and plenty of centre court tickets.

Even a modest little tent for the period of the tournament will leave the customer with little change from £20,000, and that is before they start paying for caterers and Champagne. For this, however, a company also gets a daily clutch of centre and No. 1 court tickets. This year BL, Seagrams, Wilkinson Sword and Thomas Cook are among those who have thought it worth the bother. Some treat the whole affair with financial caution, reckoning just the invitation is enough to impress. Others add to their supply of tickets by various back-door means and ensure that no guest goes without a seat for the key battles.

Wimbledon is, of course, only one of the events in the corporate image builders social calendar. A box at Ascot is a useful little thing to have in the public relations armoury. The £1,500 to £2,000 a year which this costs includes a supply of tickets, but once again the real burden is the additional catering bill. Losing punters can, after all, be heavy drinkers. There is 20-year waiting list for Ascot boxes, but you can jump the queue by buying or renting privately from a present incumbent, at a considerable cost.

For those who really want to push the boat out, the gem in the entertainment crown is Henley. A decent sized boat from which your guests can watch the races can cost £2,000-£3,000 for the four essential days, and on top of that there is a mooring charge which, for the biggest of boats, can creep towards £1,000. Put up a marquee alongside your mooring to enable your friends to have a bit more elbow room when it comes to the lobster and cream teas and you can find yourself signing another cheque for a few hundred. Then you face the bill for the lobster itself plus the odd £1,000 for details like printed invitations, passes and badges.

One company suggested that about £30 a head would see the Henley job done properly which, with the prestige involved, could be considered a sizeable time and money saver compared with separate wining and dinings of important customers. The essence of it all is, of course, that many of the prestige events would now have difficulty in surviving if it were not for this corporate socialising. And, incidentally, it gives the guest a chance to assess his standing in the rankings of his host. An invitation to Royal Ascot on Ladies Day, tickets for the Centre Court for the men's finals, and a good view to today's racing and the fireworks at Henley would mean that you were top of everyone's need-to-know list.

Tower of strength

The Iron Lady is in need of a check-up and probably a face-lift says Bernard Rocher, a former Parisian MP. He is not being rude, for a change, about Britain and our Prime Minister, but presenting his ideas for rejuvenating the Eiffel Tower.

M. Rocher is chairman of the company which took over the running of the tower in January, when the old concession to an independent operator expired. Societe Nouvelle d'Exploitation de la Tour Eiffel is indirectly controlled by the city of Paris, and the change-over is the first real opportunity for the mayor, Socialist leader Jacques Chirac, to have a say in how it is run.

The new company's concession is valid for two years in the initial stage. Before going ahead with a variety of new schemes it has been charged with making "an analysis of the object."

The object in question was a temporary showpiece that somehow escaped demolition. Built in 1887-89, it was commissioned for the centenary of the French Revolution as a symbol of science and progress. Now, after 91 years, 87.5m visitors, 370 suicides and maybe 600 tons of paint later, its ironwork is apparently in good condition—although the more inaccessible parts of the structure have still to be examined.

The tower, M. Rocher says, can be considered virtually eternal as long as it is properly maintained. But so much trust has been put in its solidness — though perhaps not by the sales girls who have been known to suffer from seasickness in a high wind — that it has been continually built on over the years. The operating company is now trying to work out whether Gustave Eiffel's plans allowed for the extra weight.

The next stage is to improve the facilities, until now limited to two restaurants (due for transformation) and about 27 shops all selling the same range kitsch. The operators plan to improve the quality of the reception, offer historical and technical explanations and open the underground engine rooms where the original hydraulic lift machinery—repainted to look like a Jules Verne film set—is installed.

Eiffel's own crow's nest studio decorated with photographs and signatures ranging from the Prince of Wales to Buffalo Bill, has been renovated and a museum devoted to Eiffel's work is being contemplated.

Far from being a focus of Parisian life, the tower has become what M. Rocher calls "just a machine for going up in the air." Although it attracts more visitors than the Louvre, its record is now beaten by the ultra-modern Beauborg art centre. It has long lost its boast of being the tallest tower in the world and until last Wednesday, when somebody put him right, M. Rocher was under the impression it was no longer the tallest in Paris.

It makes money. In its last financial year it gave the city a surplus of FFr 5m on its receipts of FFr 40m (just over £4m)—but not enough to pay for the facelift. The biggest cost, M. Rocher says, will be work on the metal structure, which will go beyond what the operating company has under its contract to pay for upkeep—a quarter of receipts.

Wall of fame

DEMOCRACY WALL, scene of the first flowering of public dissent in the wake of the arrest of the Gang of Four until it was closed down last December, is being put to another use. This week, the advertising boardings went up on the wall which has scaffolding along its length to carry the big character advertisements.

In one of the ironies which are a constant feature of life in the city, the wall, which attracted young Chinese interested in Western-style democracy, is now to be put to use as a backdrop for Western-style advertising hoardings. The first advertisements to go up this week were for Chinese industrial goods.

Democracy Wall, once the site for dozens of big character posters, some criticising the leadership, but most registering personal grievances, is now carrying posters of a different kind. This week, few people even stopped to look at the first advertising hoardings, unlike the days when the posters on Democracy Wall attracted crowds in their hundreds and sometimes thousands.

All traces of the old critical posters will go when the People's Congress endorses a regulation at its forthcoming meeting banning big character posters altogether. This will come when the so-called "four bigs" are excised from the constitution. The "four bigs" refer to people's right to put up posters and conduct great debates. The new leadership regards such avenues of criticism as an unhelpful hang-over from Gang of Four days.

Contributors:
Feena McEwan
Arthur Sandles
Tony Walker
David White

Economic Diary

TODAY—Mr. James Callaghan, Labour Party Leader, at Party Rally, Market Hall, Brecon.

MONDAY—National Union of Mineworkers annual conference opens, Eastbourne (until July 11). Wholesale price index (June provisional). House of Commons debates remaining stages of Civil Aviation Bill. Personal income, expenditure and saving and company profits (first quarter). Hire purchase and other instalment credit business (May). Housing starts and completions (May). European Parliament in session, Strasbourg.

TUESDAY—UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-June). London clearing banks' monthly statement (mid-June). Vehicle production (June provisional). House of Commons debates remaining stages of Local Government Planning and Land (No. 2) Bill.

WEDNESDAY—Central Government transactions (including borrowing requirement) June. Consett steelmen in London for march to Downing Street. House of Commons debates White Paper on Northern Ireland.

THURSDAY—European Parliament to hear Commission's ideas on draft Budget for 1981, Strasbourg. House of Commons debates Opposition motion on persistent decline in manufacturing industry. Industrial Tribunal resumes on Leyland foreman sacked after allowing workers to sleep on night shift. British Dental Association Centenary Convention begins, Royal Festival Hall, London. Mr. James Prior, Employment Secretary, opens new phosphate plant, Ann Street, Widnes. Mr. David Howell, Secretary for Energy, speaks at annual conference of the Society of Local Authorities Chief Executives, Edinburgh.

FRIDAY—Building Societies' monthly figures (June). Usable steel production (June). Sir Keith Joseph, Industry Secretary visits Plessey factory, South Shields. Mr. Mark Carlisle, Education Secretary, addresses Council of Local Education Authorities conference, Library Theatre, Solihull. Prince Charles opens Britanola Bridge, Menai Strait, Gwynedd, Wales.

SATURDAY—Mr. Anthony Wedgwood Benn, MP, Mr. Joe Gormley and Mr. Arthur Scargill at Durham Miners' Gala.

Town & City recovery hit by high interest

BY ANDREW TAYLOR

THE impact of record interest rates has brought Town and City Properties recovery to an abrupt halt with pre-tax losses in the year ending March 24, 1980, rising to £14.4m.

This follows several years during which pre-tax losses had been steadily reduced from a peak of £25.3m in 1976-77 to £13.9m 15 months ago.

Mr. Jeffrey Sterling, Town and City chairman, said that this steady improvement would have continued but for the sharp rise in interest rates last year. "If interest rates had remained at the same level as those prevailing in 1978-79 losses would have been £8.5m instead of £14.4m," he stated.

Interest charges last year rose from £23.7m to £28.7m, despite a reduction in group borrowings from £223.6m to £192m. The one per cent reduction in Minimum Lending Rate will therefore come as good news to the group, which estimates that every one per cent fall in interest rates wipes just over £1m off its annual interest bill.

However, the fall in MLR is too little and too late to have any material affect on Town and City's first half figures this year which are expected to show a further rise in losses, compared with the same stage a year ago. Any recovery in the second half will depend on the timing and extent of further falls in MLR.

Meanwhile Mr. Sterling is well satisfied with the underlying progress of the group, which also operates the Olympia and Earls Court exhibition halls. He says that despite further property sales totalling £48m last year—compared with a book value of £32m—net income from properties, after several years of declining, rose from £3.5m to £6.7m.

This reflected "the benefits of rent reviews and reversions and of the maturing of developments started in the early 1970s." Net income from the service division, incorporating the exhibition operations, also rose, from £5.5m to £6.5m.

More importantly, the group has continued to reduce the level of its variable rate borrowing which last year fell to £125m (£153m) compared with £240m at the end of March 1975.

This progress has been made through a continuing programme of property sales: since April 1974 the group made sales totalling £375m against a book value of £348m.

In order to retain Trustee status the group is recommending a nominal dividend payment of 0.01p a share.

HIGHLIGHTS

In the wake of the one per cent fall in MLR, the clearing banks have uniformly trimmed base lending rates. Lex discusses the interest rate environment in the light of the current level of borrowing and examines the rise in the equity and gilt-edged market after the exhaustion of the two short taps. The authorities have immediately brought on a substitute in the shape of a new stock: £800m Treasury 12 per cent 1987. The column also looks at the offer, swiftly rebuffed, from the Kuwait Investment Office for the outstanding shares in **Hay's Wharf** and examines **Vickers'** official document to support the agreed bid for **Rolls-Royce Motors**. Lex, finally, inspects the performance of **Wilkinson Match** since the merger of the match and razor blade manufacturers. In the meantime, shares in **BP, Selection Trust (and Charter Consolidated)** were suspended while the terms of BP's proposed offer were thrashed out. Details are not expected until next week. Coalite has joined the lengthening queue of North Sea oil-related companies tapping the rights issue market for exploration funds.

Turnbull Scott on target

The directors' hopes that the consolidated loss for **Turnbull Scott Holdings** for the 12 months to March 31, 1980, would be substantially lower than the previous period have been borne out.

For the period the shipowner, which was made public in December, 1979, made a loss before tax and extraordinary items of £284,000.

Between February 1, 1978, and March 31, 1979, a loss of £2.2m was incurred.

A final dividend of 3p is being paid, which makes a total of 5p. Loss per £1 share is given as 30p.

Turnover for the year was £11.87m. There was an extraordinary credit of £28,000 arising from the disposal of ships. Loss carried to reserves is £324,000.

TSH, formerly Ravogate, acquired the capital of The Turnbull Scott Shipping Company in December 1979.

Assets sales insufficient for full payment

Hopes that the sale of assets of Brentford Nylons Ltd., which went into Receivership four years ago, would realise more than enough to pay all creditors in full, had not been achieved, Mr. Alan Sales, the official receiver, said in London yesterday.

He said that preferential creditors for £906,922 had been paid in full as had debenture holders for £9.27m.

That left unsecured creditors for £6.4m, said Mr. Sales, who added: "Making one or two assumptions on the figures before me it seems most unlikely that there will be anything for those unsecured creditors."

Lonrho took over, in 1976, the trade names and trading assets of Brentford Nylons which now form part of Lonrho Textile Holdings.

Sogomana slips to £746,000

Taxable profits of Sogomana Group, natural rubber, oil palms and cocoa, for 1979 fell slightly from £761,126 to £746,231.

Most of the setback occurred in the first half year when the surplus fell by £13,725 to £329,327. The directors said then that increased wage rates and export duty resulting from higher rubber prices, combined with a reduction in rubber harvested due to areas cut out for oil palms and cocoa plantings, accounted for a fall in operating profit.

Turnover for the year rose from £1.47m to £1.57m. The tax charge was £293,288, compared with £333,735, and earnings per 10p share are given as 14.38p (13.72p).

A final dividend of 7p makes a total of 10p (9p).

Lennons profits up at £1.9m despite difficult trading year

FOLLOWING THE 17 per cent profit rise to £0.93m at midway and confident expectations for the year-end result, directors of the Lennons Group, food, wine and spirits retailer, reports pre-tax profits up from £1.82m to a record £1.89m for the year to March 29, 1980.

The results reflect a good performance by all divisions and has been achieved in spite of the general economic climate, intense competition in retailing and the continued rise in overheads.

As forecast at the time of last year's rights issue, a final dividend of 1.47573p is recommended making a total of 2.21359p on increased capital, against 1.90373p in 1978-79.

Sales for the year improved from £71.72m to £81.98m exclusive of VAT.

CCA profits amount to £1.35m (£1.43m) but although this is a reduction, the board says that after paying the increased dividends, the group's operating capability has not only been maintained but has actually increased.

The current cost accounts disclose that shareholders' funds at the end of the year amounted to £17.52m compared with the historic figure of £10.64m.

The CCA figures show a real increase, after adjusting for the rights issue and inflation, of £814,000 arising from retained profits and unrealised increases in the value of net assets, and reflect in part the company's policy of purchasing the freeholds of properties occupied.

Food trading profits were up 9.78 per cent to a record £1.43m while record profits were achieved in the second half by wines and spirits retailing, giving a profit for the year of £642,000, ahead of 1978-79.

● comment

Even if profits for the year were broadly flat, Lennons has shown that it is possible to turn the tap off a supermarket opening programme for a year without undue harm. Food trading profits climbed by almost a tenth, offsetting the effects of a weak second half. This half-to-half bias was reversed in the off-licence division as the group shook off the effects of pre-budget stocking. Interest charges take the gloss off the advance in both divisions but Lennons holds sufficient cash in reserve to step up the pace of supermarket development once more while maintaining its momentum in off-licence expansion. The effects of recent wage awards and fiscal changes illustrate the extreme sensitivity of pre-tax margins and it seems probable that the growth pattern in future will be no less lumpy than in recent years. Nevertheless, Lennons remains confident at the start of what may very well be another difficult year and there is no reason to suppose that the shares, unchanged at 37p yesterday, will be particularly vulnerable. The fully taxed p/e of 12.4 is certainly looking for further progress but a yield of almost 9 per cent and the relatively light current cost touch provide somewhat more immediate support.

SPAIN July 4	Price	+ or −
Banco Bilbao	226	
Banco Central	253	−2
Banco Exterior	212	
Banco Hispano	228	−2
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	280	−1
Banco Urquijo	156	−3
Banco Vizcaya	237	
Banco Zaragoza	206	+4
Dragados	61	
Espanola Zinc	60	
Fecsa	58.2	−0.8
Gal. Preciados	25	
Hidrola	65	−1.5
Iberduero	21	+0.8
Petroleos	107	−0.2
Petroliber	87	
Sogelisa	107	
Telefonica	62	+0.5
Union Elect.	64.5	−0.5

Results due next week

NEXT WEEK sees the unveiling of results from two companies which together claim around a two-thirds share of the UK cigarette market. **Imperial Group** provides its interim figures on Thursday after **Rothmans International** releases its preliminary on Tuesday. Analysts are looking for an increase in pre-tax earnings at Imps from £68m in the first half of last year to around £73m this time. Most of the profits growth should come from the tobacco side (where Imps has a UK market share of about 54 per cent). This could have been spurred by pre-Budget buying as well as the end of the cigarette price war in the UK. The bulk of paper and packaging interests were sold off last year but it is possible that investment income will help contribute to any gap. In the full year, there should be some contribution from newly acquired Howard Johnson in the States, but this could be offset by finance charges. Outside forecasts call for a maintained interim dividend and full year pre-tax profits of around £145m against £136.7m last time.

Meanwhile, Rothmans introduces preliminary figures which are expected to slide to £90m from last year's £98.2m. There was an 11 per cent pre-tax drop at the half-way stage and some of the reasons behind this continued to apply in the second half. High interest charges, losses on exchange translation and a decline in profits from Dunhill have all taken their toll. Nevertheless, the dividend may be up about 15 per cent, from last year's 3.5p gross to 4p.

Estimates of pre-tax profit of Thorn-EMI for the year ended March 31, 1980, range from £114m to £130m. However, when the preliminary announcement is made on Friday, attention is likely to be focused on whether or not EMI has pulled out of losses as forecast in the four months during which it has been consolidated. Other questions include how much is being written off from the medical electronics business and what further disposals are to be made—hotels are rumoured to be next. Thorn normally produces an outline balance sheet with its preliminary figures and this time it will probably show a sharp increase in borrowings from the 14 per cent of shareholders' funds last year. And that could compromise any hopes that the 12.5 per cent interim increase at Thorn will be matched.

The companies reporting next week also include John Waddington with its preliminaries on Tuesday. Interims are due from Associated Fisheries on the same day and finals from H. P. Bulmer on Wednesday.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Associated Leisure	Monday	1.5	2.75	1.8
Avenue Close	Tuesday	—	1.788	—
Birmingham Mint	Tuesday	1.8	5.7	3.0
Braithwaite Engineers	Thursday	2.211	2.662	3.0
Bristol Evening Post	Tuesday	3.0a	4.75	3.25
Brit. Bldg. & Engineering Appliances	Friday	1.2	1.9	1.35
Bromsgrove Casting & Machinery	Tuesday	0.9	2.6	1.0
Bulmer (H.P.) Holdings	Wednesday	4.958n	2.701	5.32n
Colmore Investments	Monday	1.0	1.4	1.0
Daejan Holdings	Thursday	1.1725	2.0775	1.225
Downing (G.H.)	Wednesday	2.75	5.0	2.75
Equity Consort Investment Trust	Tuesday	2.01	5.825	2.5
Harris (Philip) Holdings	Thursday	1.4956	3.55	1.45
Heywood Williams Group	Monday	1.005	2.45	2.1
Hellas Group (The)	Wednesday	0.983	4.25	2.0
Howden Group	Thursday	1.33333	1.8	1.33
London & Midland Industrials	Tuesday	2.65	5.1†	2.9
May & Hassell	Monday	1.048	2.8	1.3
McKay Securities	Tuesday	0.2625	0.9375	1.0135
Mitchell Somers	Thursday	1.75n	1.6	1.75
Moorgate Investment	Wednesday	1.75	2.89	2.25
Oil & Associated Inv. Trust	Thursday	0.58625	1.8375	1.5225m
Ratners (Jewellers)	Thursday	0.55833	1.28333	0.67
Rothmans International	Tuesday	0.8	1.65	1.0
Routledge & Kegan Paul	Wednesday	1.4	3.2	1.5
Thorn EMI	Friday	3.3	9.4	4.05

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
Toothill (R.W.)	Monday	—	2.625	—
United British Securities Trust	Tuesday	1.4	3.71	2.25
United Gas Industries	Thursday	1.1055	3.395	1.4
Waddington (John)	Tuesday	5.0	6.68	5.22
Watson (Kelvin R.)	Tuesday	1.21	1.79	1.3
Wrighton (F.) & Sons (Assoc. Co's)	Tuesday	—	1.063	—
INTERIM DIVIDENDS				
Anglo American Securities Corporation	Tuesday	1.2	3.54§	
General Consolidated Inv. Trust	Wednesday	2.0	3.52**	
Imperial Group	Thursday	2.75	4.5	
Investors Capital Trust	Tuesday	1.559	1.35	
Lincroft Kilgour Group (The)	Tuesday	1.75c	2.4	
Macpherson (Donald) Group	Tuesday	1.5	2.7	
M & G Dual Trust	Wednesday	7.0	8.65	
Sotheby Parke Bernet Group	Thursday	3.5	8.0	
Tribune Investment Trust	Thursday	0.65	1.685	
Watson & Philip	Thursday	1.0	2.0	
INTERIM FIGURES				
Associated Fisheries	Tuesday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes special dividend of 1.0p. ‡ Second interim. ¥ Includes non-recurring dividend of 0.28p. ¦ Includes non-recurring dividend of 0.4p. § Second interim and includes non-recurring dividend of 0.54p. ** Includes non-recurring dividend of 0.43p. m Includes non-recurring dividend of 0.3225p. n Total of first and second interims. The following are compensating dividends included to allow for the change in the tax rate: a 0.065 b 0.04½ c 0.1

ISSUE NEWS

Coalite £10.9m rights—joins N.Sea venture

COALITE GROUP is raising £10.9m by way of a rights issue of 13.3m shares on the basis of one at 92p for every six held on June 19.

The directors note that the company has joined a consortium led by a major oil company for the purpose of applications in the Seventh Round of offshore North Sea licences.

Moreover, the recent rate of increase in prices, particularly of fuels, has led to a correspondingly increased requirement for working capital to finance seasonal stocks. While the group's cash resources are adequate for immediate purposes, "the board considers a rights issue appropriate and prudent at this stage to reinforce the financial strength of the group and enable it to take advantage of further opportunities for profitable expansion."

Commenting on current prospects, the directors say only that the generally uninspiring economic climate will inevitably influence performance but the company's wide spread of production and trading interests and extensive involvement in energy provide firm grounds for confident expectation of future growth in profits and dividends.

The new shares will not rank for the final dividend of 2.56p recommended in respect of the year ended March 31, 1980. Dealings in the new shares are expected to begin on July 10 and acceptances must be submitted not later than July 30. Although the authorised capital is adequate for the issue, the company is calling an EGM on July 30 to increase the number of authorised shares "available for further issue."

● comment

Coalite at least has the candour to admit it has no immediate need of the £10.9m it is raising in this rights issue. Cash flow is strong and the prospects for coal and fuel oils look bright. Later in the year, as it builds higher cost stocks, working capital needs will indeed increase but the new money is earmarked mainly for more investment in North Sea oil. The company is tightlipped about the seventh round consortium it has joined but it is almost certainly bidding for premium blocks. Despite the 24 per cent discount on the exercise price, the shares showed the current magic of oil yesterday by gaining 2p to 123p where they still trade at an undemanding 5.8 times stated 1979-80 earnings of 19.93p a share on an ex-rights basis.

ECI BUYS STAKE IN THURGAR BARDEX

Equity Capital for Industry has agreed to take up the entitlement of a family trust to 5.1 per cent of the shares in the two-for-seven rights issue of Thurgar Bardex at the average market price in the first week of dealings provided that the value of the rights does not exceed 2p per share.

ECI said it was happy to take the shares as it wants to build its interest in the small plastic products manufacturer to 10 per cent.

Sturla calls for £300,000

Business and lease financing group, **Sturla Holdings**, is raising £300,000 by a rights issue on the basis of two new shares for every five held at 10p.

The company also reports pre-tax profit for the year ended January 31, 1980 of £52,000 compared with a loss of £16,000 in the previous year. Turnover was £2.7m (£2.8m). In connection with the rights issue, the company forecasts pre-tax profit in 1981 of not less than £200,000 after non-recurring reorganisation costs.

Proceeds of the issue are to provide the group with working capital and to permit it to pursue acquisitions.

CARLESS CAPEL

Acceptances in respect of the one-for-four rights issue of Carless Capel and Leonard have have been received for 97.9 per cent of the shares offered. The issue raised £9.5m for the company.

LANDSIT

Acceptances have been received in respect of 95.6 per cent of the shares of Land Securities Investment Trust offered by rights to ordinary holders and convertible loan stockholders. Shares not taken up have been sold at a net premium of approximately 72p per share.

James Latham falls £0.7m and warns of 'meagre' first half

A RAPID deterioration of trading conditions during the last four months left pre-tax profits of James Latham, timber merchant, down at £982,000 for the year to March 31, 1980, compared with £1.66m. The midway surplus fell slightly from £761,000 to £748,000.

Results for the first half of the current year will be very meagre, say the directors, unless de-stocking by customers comes to an end. They are authorising no capital expenditure for the time being.

The surplus this time is struck after higher interest charges of £963,000 (£560,000) and depreciation of £278,000 (£251,000).

The high interest rates made it virtually impossible to earn net profits on the proportion of the wholesale business which is financed by bank borrowings, say the directors.

Orders from the furniture industry and other manufacturing clients fell substantially, while merchant customers began to de-stock. Strong sterling has depressed the value of some stocks purchased in dollars and the U.S. recession has created weaknesses in the international market for North American timbers and Far Eastern plywoods. Because of these factors, the relevant stock holdings have been written down by about £100,000.

Group turnover rose from £27.98m to £29.61m. Earnings, after tax of £232,000 (£531,000) are shown as 28.1p (44.8p). The dividend is increased by 0.4p to 9.1p with a repeated final of 5.75p.

The directors say stringent steps are being taken to economise and control increases in overheads, and imports have been reduced in areas of falling demand. Those parts of the business where gross margins are higher have traded profitably.

● comment

After treading water at the half-way stage, Latham's pre-tax profits in the second six months have come crashing down by nearly three-quarters. The causes of the steep decline included widespread destocking by customers, sharply higher interest costs and the damage inflicted upon stock values as a result of an appreciating pound. Latham's customers include building and contracting groups (about one-third of sales), timber merchants and local authorities. Public spending cutbacks have not helped an already difficult situation and the flat performance of other customers has had an immediate impact. Brownlee, a competing timber group, has managed to do significantly better than Latham partly because it feeds more wood into the healthier DIY sector. Prospects in the current year are grey and first-half profits may not improve much beyond last year's second-half earnings of £234,000. The yield of 11.7 per cent at 117p is beginning to reflect the uncertainties; the p/e on a full tax charge stands at 7.4.

REFUGE ASSURANCE

The Refuge Assurance Company has acquired a 22 per cent interest in Charterhouse Magna Assurance Company in which merchant bankers Charterhouse Japhet retain a similar interest. Mr. A. T. Booth, managing director of Refuge, has joined the Board of Charterhouse Magna.

Caird Dundee into loss

AFTER DEPRECIATION and interest totalling £253,881, against £284,657, **Caird (Dundee)**, space dyer and carpet printer, suffered a pre-tax loss of £182,698 for the year ended March 31, 1980, compared with a £83,623 profit.

Turnover of the group, which has not paid a dividend since a 0.973635p net final in 1975, improved from £3.65m to £4.09m.

There was a tax credit of £119,481 (£35,120 charge) reducing the loss to £63,217 (£48,503 profit), but still giving a loss per 25p share of 2.4p (1.8p earnings).

Depreciation charged was £198,921 (£209,697), and interest £54,960 (same).

MINING NEWS

Falling metal prices will hit Asarco

BY GEORGE MILLING-STANLEY

THE UNUSUAL volatility of metal prices during the first six months of this year will cause a sharp setback in profits of Asarco, one of the leading producers of copper, silver and other non-ferrous metals in the U.S.

Mr. Charles Barber, Asarco's chairman, said yesterday that second quarter earnings will be substantially below the $4.53 (£1.92) per share for the first quarter of 1980, and even below the $2.24 per share earned in the second quarter of last year.

Second quarter profits will probably be around $25m below those which might have been expected on the basis of metal prices in effect during the period, Mr. Barber said.

The setback arises mainly from the adjustments which will be required to the provisional prices of sales made during the first quarter by some of the company's foreign subsidiaries and associated companies. These prices have to be adjusted downwards to the lower values prevailing on final settlement during the second quarter.

Adjustments in respect of silver sales by the 49 per cent-owned **MIM Holdings** of Australia will reduce Asarco's profits in the period by about $7m. MIM's latest results also include charges for additional depreciation, obsolescence and employee benefits, and these will reduce Asarco's profits by a further $4m.

Similar adjustments at **Southern Peru Copper**, in which Asarco holds 52.3 per cent, and the 95 per cent-owned **Corporation Minera Nor Peru**, will cut the company's profits by around $5m.

The steep falls in metal prices also had an adverse effect on the outcome of some of Asarco's own smelting and refining contract operations, which are priced in part on the market value of the metals being processed.

Revenues on these contracts are recorded monthly on a percentage of completion basis, at metal prices prevailing during the month. Because of this, the price declines resulted in a loss on completion of the contracts in the second quarter, Mr. Barber explained.

These losses will cut a further $5m from Asarco's second quarter profits.

● **Amax**, the U.S.-based international resources group, has declared an unchanged quarterly dividend of 60 cents per common share. The dividend is payable on September 2 to holders on August 11.

South Crofty omits final dividend as profits fall

CORNWALL'S largest tin mine, South Crofty, is not paying a final dividend for the past year to March 31 as a result of a sharp fall in profits. The interim of 1p per share already paid will therefore be the total for the year, compared with a total for 1978-79 of 3p.

Pre-tax profits of the company, which is controlled by the troubled Saint Piran mining and construction group, have fallen from £2.3m to £1.39m, on sales down from £10.28m to £9.78m. A reduced tax charge has left earnings per share lower at 5.1p against 6.8p.

South Crofty attributes the decline in profits mainly to a shortfall in tin production of about 200 tons, which resulted from the 23-day strike last summer by miners seeking higher wages. The company experienced a further stoppage of one week earlier this year when the discovery of radon gas in the mine aroused workers' fears of radiation and cancer.

In addition, South Crofty said yesterday that the 4.9 per cent rise in the average net selling price for tin over the year did not adequately compensate for the substantial increases in working costs.

Cost pressures continue, and the first two months of the current financial year show a pre-tax loss on tin mining of £74,000, compared with a profit of £628,000 for the comparable period of last year.

The shares eased 1p to a low for the year of 25p yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assam Dooars	6	Aug. 1	9.51	6	9.51
Baileys of Yorks	1.56†	Aug. 22	3.1	2.86†	4.2
Bett Brothers int.	1.2	Aug. 18	1	—	2.5
Birmingham Pallet int.	1	Aug. 18	1	—	3.5
Caledonian Cinemas	5	—	5p	7	6
Celestion Inds.	1	Sept. 2	1	1	1
C. H. Industrials	1.51	Sept. 12	1.38	2.42	2.2
General Electric	5.25	Oct. 1	4	8.25	6.25
Gough Cooper int.	2.1	—	2.1	—	5.6
Greene King	3.5	—	3*	5.5*	4.72
Greenfields Leisure int.	0.84	Aug. 7	0.84	—	2.15
James Latham	5.75	—	5.75	9.1	8.7
Lennons	1.48	Aug. 23	1.43	2.21†	1.9
Mercury Secs.	6.5	—	6	6.5	6
Milbury	2.8	Aug. 29	2.8	4.9	4.14
Robert Moss	0.9	Sept. 17	0.9*	1.6	1.53*
Russell Brothers	3.63	—	3.63	4.88	4.88
Scottish and Newcastle	2.88	Aug. 26	2.53	4.38	3.98
Sogomana Group	7	Sept. 4	7	10	9
South Crofty	Nil	—	1.33	1	3
Sutcliffe Speakman	Nil	—	Nil	Nil	1.32
Tex Abrasives	2.42	Sept. 12	2.42	3.17	3.17
Thermal Syndicate int.	3	Aug. 7	3	—	7
Turnbull Scott	3	—	—	5	—
Western Dooars	4	Aug. 1	5.24	4	5.24

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ On capital increased by two for one scrip issue.

BIDS AND DEALS

Mercantile Credit expands leasing

Mercantile Credit, the finance house subsidiary of Barclays Bank, is negotiating to buy the business of **Highland Leasing** from Finance for Industry (FFI) for an expected sum of around £30m.

A letter of intent has been signed and a formula for calculating the purchase price has been agreed, though no precise figure has yet been settled. Highland itself is a shell company owned directly by FFI. Under the proposed arrangement, Highland would buy assets and liabilities from FFI before being bought itself by Mercantile.

Highland is one of four leasing companies owned by FFI. Based at Potters Bar, it provides hire purchase and leasing finance for agricultural purposes and will provide Mercantile with an entry into this specialised market. Completion of the deal is expected to take about a month.

PROVINCIAL SHARE ISSUE

CLEANING AND laundry group, Provincial, is issuing an additional 1,558,224 shares to satisfy an option held by Mr. R. S. C. Milne following the acquisition of Coleman Milne in May.

These shares are being placed with outside investors, subject to the granting of listings by the Stock Exchange, and rank pari passu with the existing old shares. Following the capitalisation issue and full conversion of the £364,975 nominal loan stock now being completed, there will be 22m 5p shares in issue.

WINCHMORE INVS. AND SWIFTS

Winchmore Investment Trust is planning to cancel its Stock Exchange listing if negotiations to buy the holding companies of Swifts of Exmouth prove successful. Winchmore has asked the Stock Exchange to suspend dealings in its shares as talks with the two companies have reached an advanced stage.

Winchmore would issue 587,022 shares of 25p each to buy the whole of Hambledon Property Trust and the 94.5 per cent balance of the share capital of London and Counties Property Trust which it does not already own. Between them, the two investment companies own the whole of the issued share capital of Swifts, which manufactures and sells melamine tableware and associated products. In the 17-month period to December, 1979, Swifts made profits before tax of £117,909 and at the year end had net tangible assets of £385,604.

If the acquisition is successful, Winchmore expects that dealings in its shares will be permissible under Rule 163 (2).

BURNETT & HALLAMSHIRE £2.5M PURCHASE

Burnett and Hallamshire Holdings has purchased, on behalf of its wholly owned subsidiary, The Mining Investment Corporation, the capital of Martin Kennelly (Contractors) from Mr. Martin Kennelly and Mrs. S. M. Kennelly for a total consideration of £2.35m.

Kennelly operates mainly in the Midlands and is engaged in the business of bulk earth excavation, open cast coal working and plant hire.

The consideration has been satisfied by the issue of 369,920 new shares in B and H, credited as fully paid, of which Mr. Kennelly has retained 115,470 new shares and 254,450 new shares have been placed with institutional investors.

The latest audited accounts of Kennelly show pre-tax profits for the year ended March 31, 1980 amounting to £319,230 (£328,586) and net tangible assets as at March 31, 1980 totalling £1.42m, before deducting deferred taxation of £400,000.

These assets included freehold land and buildings amounting to £53,956 and plant and equipment and motor vehicles amounting to £1.29m.

LAMONT/McCLEERY

Following the agreed offer by Lamont for the ordinary shares of McCleery L'Amie, the two Boards have agreed terms for a preference offer.

For each McCleery preference share either £5 in cash or 30 Lamont preference shares will be offered.

Strong second half fails to lift Regalian Props.

DESPITE A strong recovery in the second half, when pre-tax profits advanced from £194,710 to £288,427, **Regalian Properties** has finished the year to March 31, 1980, lower at £402,775, compared with £483,313.

It is clear from trading in the first three months of the current year that the depressing economic climate will seriously prejudice the results, says the directors. In addition to the effects of high interest rates, the strength of sterling has affected sales of high priced properties, to which in recent years the foreign buyer has been attracted.

Nevertheless they look to the future with confidence, pointing out that profits for 1978/79 were exceptional, arising in a period when the market was particularly buoyant and prices highly inflated.

Recent high level executive appointments have been made to achieve expansion, particularly in the commercial property sector, and while the impact is unlikely to be immediate, the directors expect profitability in future years will reflect this change of emphasis.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	Last	Oct. Vol.	Last	Jan. Vol.	Last	Stock
ABN C	F.280	3	16.50	10	21	—	—	F.296
ABN C	F.300	5	2	—	—	—	—	"
ABN C	F.310	4	0.60	—	—	—	—	"
AKZ C	F.22.50	—	—	—	—	40	2	F.23.60
AKZ C	F.25	—	—	30	1.10	14	1.40	"
AKZ P	F.22.50	—	—	—	—	5	0.50	"
ARB C	F.65	7	1.20	—	—	—	—	F.66
HEI C	F.55	—	—	2	4	—	—	F.57.40
HEI C	F.60	10	0.50	13	2.30	11	4.20	"
HEI C	F.65	—	—	—	—	3	2	"
HEI P	F.55	—	—	5	2	—	—	"
HEI P	F.65	—	—	5	10	—	—	"
HO C	F.17.50	—	—	—	—	10	2.80	F.18
HO C	F.20	10	0.20	—	—	—	—	"
KLM C	F.60	105	2.80	75	5.50	—	—	F.62.50
KLM C	F.70	57	0.40	27	2	16	3.20	"
KLM C	F.80	—	—	2	0.90	—	—	"
KLM P	F.60	60	1	7	4.50	—	—	"
KLM P	F.70	15	6.70	16	10.40	—	—	"
KLM P	F.80	10	16.20	—	—	—	—	"
NAT C	F.104.60	—	—	6	2.50	—	—	F.112.10
NAT C	F.108.10	67	5.60	80	6	—	—	"
NN C	F.110	—	—	10	5.60	—	—	"
NN C	F.120	—	—	17	1.60	20	2.80	"
PET C	Fr.5500	—	—	2	210	7	250	Fr.5100
PHI C	F.15	—	—	15	3.50	—	—	F.18.30
PHI C	F.17.50	38	0.80	64	1.50	58	1.90	"
PHI C	F.20	—	—	23	0.60	100	0.60	"
PHI P	F.17.50	—	—	6	0.50	—	—	"
RD C	F.150	—	—	96	17.50	—	—	F.167.30
RD C	F.160	591	7.20	49	9.20	20	11.20	"
RD C	F.170	195	0.80	117	2.80	29	5.60	"
RD P	F.140	—	—	40	0.50	—	—	"
RD P	F.145	—	—	19	1	—	—	"
RD P	F.150	—	—	37	1.50	20	2.70	"
RD P	F.160	100	0.20	38	3.90	13	5.60	"
RD P	F.170	45	3.50	10	8.30	—	—	"
UNI C	F.110	10	9.10	—	—	5	12	F.119.30
UNI C	F.115	45	4.40	53	6.60	—	—	"
UNI C	F.120	10	0.90	35	3	7	3.80	"
UNI P	F.105	1	0.10	20	0.60	—	—	"
UNI P	F.115	50	0.90	35	1.80	—	—	"
UNI P	F.120	10	1.50	—	—	—	—	"
		Aug.		Nov.		Feb.		
BIE C	DM.280	12	4.50	4	5	—	—	DM281.80
VW C	DM.170	—	—	6	6.50	—	—	DM173
VW C	DM.180	—	—	5	3.60	—	—	"
TOTAL VOLUME IN CONTRACTS						2658		

C=Call P=Put

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Wilkinson Match received a bid approach from Allegheny Ludlum Industries of the U.S. The latter indicated that it is considering offering 168p per share for the 55.6 per cent of the equity it does not already own. The announcement was triggered by the rapid rise in Wilkinson's shares despite the fact that the company had disclosed an annual profits slump ten days ago.

Construction group John Mowlem signed a conditional contract to acquire Soiltest, a U.S. manufacturer and distributor of laboratory equipment for $9.4m (£4m).

In a shares and cash deal, Britannia Arrow, formerly Slater Walker Securities, is paying £2.8m for Schlesinger Investment Management Services. The merger will create an investment group with funds of more than £400m making it the fifth largest unit trust operation in the country.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Barget	12*‡	20	18	8.56	Tinnox	—
Bishopsgate Prop.	5*§	5	5	0.36	Bkly. Hambro	—
Christy Bros.	30*	36	35	0.80	Simon & Coates	—
Cray Elect.	31*§	36	34	0.93	Thrgmrtn. Tst.	—
Dolol Tea	270*	275	275	0.29	Tategold	—
Keyser Ullmann	91	88	70††	46.7	Chrtrhse. Grp.	—
Lidstone	280*	360	290	0.51	Greewalk Nominees	—
L. K. Industrial Invs.§§	16½*	18	16	0.20	Caparo Invs.	—
Manson Trust	39*	36	33	3.84	Hong Leong Finance	—
McCleery L'Amie	19§§	18	17	2.44	Lamont	—
Nationwide Leisure	6½*	6	9	0.66	Rantlodge	—
Revertex	50§	49	44	5.02	Yule Catto	—
Rolls-Royce	67	70	56	39.59	Vickers	—
Steaua Romana	10*	44	7	0.25	Eng. Assoc.	—
Turner (W. & E.)	87½*	85††	48††	9.07	J. Hepworth	—
Unicorn Inds.	125*	115	121	36.50	Foseco Minsep	—
Wolf Electric	110	110	62	14.18	Dobson Park	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 4/7/80. †† At suspension. ‡‡ Estimated. §§ Shares and cash. §§ Unconditional. ‡ Ordinary share alternative.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Ashley Indl.	Apr.	408	(252)	9.5	(7.7)	3.0	(2.3)
Avana	Mar.	4,150	(3,520)	17.4	(15.0)	5.0	(3.5)
Bassett (Geo.)	Mar.	1,310L	(1,330)	—	(10.6)	1.64	(6.54)
British Benzol	Mar.	774	(1,250)	9.0	(10.5)	2.0	(2.0)
Burtonwd. Brwy.	Mar.	2,170	(1,860)	27.6	(24.0)	4.52	(3.89)
Dom Holdings	Mar.	1,430	(1,340)	14.2	(9.4)	5.7	(5.19)
Edwards (Louis C)	Dec.	211	(344)L	1.4	(—)	—	(—)
Hampton Gold	Mar.	1,178	(907)	12.2	(11.6)	4.5	(3.5)
I.C. Gas	Mar.	38,353	(33,368)	62.6	(56.4)	21.0	(18.09)
Kleen-E-Ze	Mar.	682	(551)	16.6	(14.1)	5.5	(4.5)
Laganvale Est.	Apr.	7	(30)	0.2	(1.0)	—	(—)
Marston Thmpsn.	Mar.	5,500	(4,500)	6.7	(5.1)	1.63	(1.25)
Norcros	Mar.	19,180	(17,170)	12.1	(14.0)	5.52	(4.93)
Petbow Holdings	Mar.	(898)L	(1,197)	—	(10.4)	1.5	(4.5)
Pilman	Mar.	1,403	(1,404)	—	(—)	2.5	(2.6)
Rexmore	Mar.	892	(1,359)	8.1	(13.7)	4.91	(4.41)
Rupner Holdings	Mar.	4,400	(2,852)	16.1	(9.0)	4.5	(3.2)
St. Georges	Feb.	152	(102)	6.5	(4.7)	1.4	(0.7)
Stormgard	Dec.	38	(30)	1.0	(1.1)	—	(—)
Symonds Eng.	Mar.	208	(221)	0.9	(2.0)	0.79	(0.78)
UK Property	Mar.	1,280	(1,130)	2.4	(2.0)	0.53	(0.42)
Walker & Staff	Mar.	199	(214)	6.3	(8.2)	1.35	(0.68)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Barr (A. G.)	Apr.	950	(934)	1.25	(1.25)
Blundell Permo	Apr.	540	(689)	1.6	(1.2)
Glandfld. Lwrnce.	Mar.	135L	(40)	—	(—)
Granada Group	Apr.	22,889	(21,213)	1.58	(1.44)
Norfolk Capital	Mar.	56L	(114)	0.5	(0.5)
S.G.B. Group	Mar.	7,660	(6,120)	2.3	(1.75)
Tricentrol	June	19,590	(7,210)	—	(—)

(Figures in parentheses are for corresponding period.)
* Dividends shown net except where otherwise stated. L Loss.

Scrip Issues

Hampton Gold Mining Areas—Three for one.
Imperial Continental Gas—Two for one.

Rights Issues

S. and W. Berisford—Rights issue on the basis of one for four at 132p to raise £28.5m.

† Approximate figure before expenses.

Offers for sale, placings and introductions

Tebbitt Group—Placing 4,166,668 ordinary 10p shares at 18½p each.

Sunderland and South Shields Water Co.—Offer for sale by tender of 9½ per cent preference stock redeemable at par July 31, 1985, at a minimum price of £100 per cent.

Companies and Markets

THURSDAY'S COMPANY NEWS

Scottish & Newcastle up 10% to top £39m

FOLLOWING THE increase from £21.6m to £22.6m at midway, Scottish and Newcastle Breweries improved further in the second half and finished the year to April 27, 1980 with pre-tax profits of £39.1m compared with £35.7m previously.

The directors say that the 10 per cent profit rise was accompanied by an increase in the volume of beer sales. There was an improvement in the performance of all activities except hotels but the effects of reorganisation there is beginning to show through.

Stated earnings per share are 10.1p against 8.5p and a final dividend of 2.875p lifts the year's total from 3.977p to 4.375p.

The improved position in beer wholesaling and manufacturing is largely due to the success of efforts to bring lager sales more nearly in line with the national average, the directors state. There has been a small decline in ale sales but a number of new brands are being developed.

Increases in productivity are not enough to cover costs and it is necessary to try and maintain margins by price increases in all activities, the Board adds. The abolition of the Price Commission has enabled the group to make such increases on a basis of commercial judgement only and to be more responsive to market pressures.

New distribution centres have been opened while most of the major works to bring production facilities up to date have been completed. Profits of the managed public houses rose 24 per cent, Waverley Vintners lifted profits by 33 per cent and Gough Brothers made progress in difficult trading conditions.

Capital expenditure in relation to the reorganisation of the distribution side and restructuring brewing activities will be largely confined to renewal of existing equipment and there will therefore be a reduction in capital expenditure.

However, the Board expects to add to money on loan in furtherance of trade and to make further expenditure on acquisition and improvements to hotels and public houses.

An analysis of operating profit—£46.1m (£37.8m)—shows wholesale beer contributed £29.2m (£22.6m), managed public houses, £11m (£8.9m), hotels, £2.3m (£3.5m), wines and spirits, £2.8m (£2.1m) and other activities, £0.8m (£0.7m).

Russell Bros. moves into £8,000 loss

Russell Brothers (Paddington), shopfitting, specialist joinery and exhibition contractor, incurred a loss of £8,343 in the year ended February 29, 1980, compared with pre-tax profits of £101,599 a year earlier.

However the directors are maintaining the total dividend at 4.875p with an unchanged final of 3.625p. Loss per share is stated as 0.75p against 6.62p earnings previously.

At midway profits had fallen from £41,100 to £11,200 and the directors then drew attention to the increasing pressure on margins.

Turnover for the year was down from £1.76m to £1.33m. After a tax credit of £2,959 (£53,950 charge) net loss was £5,384 compared with profits of £47,649.

Bett Bros. expects downturn

CURRENT ESTIMATES of Bett Brothers, building and public works contractor, for the year ended March 31, 1980, indicate profits down from £2.31m to about £1.9m on lower turnover of some £19.5m against £20.32m previously.

This is despite reporting an increase in first half profits from £868,149 to £1.02m from turnover of £9.93m (£9.41m). Tax charge is £530,286 against £451,437.

The interim dividend is being lifted from 1p to 1.2p per 20p share—last year's total was 2.5p.

Overdue housing contracts put Gough Cooper in loss

OVER-OPTIMISTIC estimates of completion dates for three contract housebuilding projects have left Gough Cooper and Co., housing estate developer and contractor, with a loss in the first half to March 31, 1980.

Provision of £950,000 for the estimated increased costs involved in the projects has resulted in a pre-tax deficit of £655,000, compared with profits of £501,000 for the corresponding period last year.

The interim dividend is held at 2.1p net—a total of 5.6p was paid from profits of £1.62m for the whole of 1978-79.

In maintaining the interim payment, the directors say they have taken account of last year's results and the group's underlying asset strength. Cash levels are not significantly different from those at the beginning of the period and are well within facility levels. Their confidence in the future of the group is tempered only by the time it will take the general economy to improve, they add.

Group turnover slipped from £12.37m to £11.47m. Rental income and profits from plant hire, property investment and builders' merchants all improved.

The six months' loss includes interest charges up from £457,000 to £533,000 and is struck before tax of £71,000 (£125,000).

	Half-year 1980 £000	1979 £000
Turnover	11,467	12,366
Rental income	371	343
Trading loss	122	*958
Housebuilding	1855	274
Land sales	—	58
Plant hire	489	426
Property inv.	332	268
Builders' merchants	†53	†22
Specialist services	140	88
Interest	533	457
Pre-tax loss	655	*501
Tax	71	125
Loss before extraord.	726	*376
Extraord. credit	1,042	—
Attributable profit	316	376
Dividends	165	165
Retained	151	211

* Profit. † Loss.

An extraordinary credit this time of £1.04m, which represents profit from the sale of investment properties and includes £604,000 transferred from capital reserves to distributable reserves following realisation of the revaluation surplus on the properties, leaves the attributable surplus £60,000 lower at £316,000. Dividends again absorb £165,000.

● comment

This is the first time Gough Cooper has fallen into loss and the fall of nearly £1m has been rather spectacular. Although the group gave up tendering for local authority housebuilding contracts more than a year ago, it has failed to meet deadlines on three jobs dating from 1978. The company, which says that its estimates of housing completion dates proved "over-optimistic," puts the loss provision on these three contracts at £950,000. Meanwhile, the specialist services business has increased its first half loss by 59 per cent over last year, mainly because the bottom has dropped out of the market in gas heaters. Plant hire and property investments are doing well, but both of these hold out prospects for shining through only in the longer term. This year it looks like Gough Cooper will remain in loss, albeit at a lower level than the interim deficit. The group is sitting on a land bank of two to three years and this is also encouraging in the long-term. More immediately, a net asset value per share of around 165p, coming up to the region of 200p after considering the land bank, must be considered against the company's share price of 61p, down 12p yesterday. The company may be vulnerable and its maintained interim dividend could be one way of trying to keep the faith with shareholders until it is feasible to rise above current difficulties.

CORAL INDEX: Close 480-485 (+5)

C. H. Industrials' 89% growth

A LEAP of 89 per cent from £624,000 to £1.18m in pre-tax profits is reported by C.H. Industrials, manufacturer of automotive trim, building products, decorative trim and synthetic foam, for the year to March 31, 1980.

At the halfway stage, when the pre-tax profits showed an increase from £387,000 to £505,000, the Board said there was a poor outlook for consumer industries and retail spending, and this together with higher interest rates, would have some adverse effect on second half trading. But the Board expected to achieve a satisfactory outcome for the year as a whole.

Group sales, up 17 per cent in the first half, advanced 21 per cent overall from £14.68m to £17.7m.

For accounting purposes, Medfurn has ceased to be an associate company for the year to March 31, 1980. In the previous year pre-tax profits included £63,000 from Medfurn, in which CHI had a 21 per cent holding.

After tax up from £464,000 to £956,000, stated earnings per 10p share are 7.84p (3.81p), and the total dividend is lifted from 2.2p to 2.42p with a final of 1.5125p (1.375p). Dividends absorb £295,000 compared with £268,000.

There was an extraordinary debit of £60,000 which comprises the release of a provision against closure costs on a group factory, offset by a write-down of the value of the holding in Medfurn.

Retained profits increased from £163,000 to £601,000.

Tex Abrasives

A SECOND HALF recovery for Tex Abrasives saw pre-tax profits improve from £167,762 to £218,711, and this resulted in the figures for the full year to March 31, 1980, increasing by £11,878 to £379,756. Turnover was ahead from £5.6m to £5.71m.

The pre-tax figure was struck after depreciation up from £90,528 to £93,379.

This manufacturer of industrial coated abrasive products paid tax of £151,247 compared with £118,789. The final dividend is unchanged at 2.42345p for a total of 3.17345p (same).

Pick-up for Caledonian cinemas

Some recovery has been achieved by Caledonian Associated Cinemas in its second half. This results in pre-tax profits of £842,000 for the year ended March 29, 1980, a reduction of £95,000 on the comparable 1978-79 figure after a £219,000 leeway at the half-way stage.

The final dividend is held at 5p per 25p share for a total of 7p, against 6p. Last August ordinary holders also received a scrip issue in preference shares.

Earnings are shown at 75p (90.7p) per share.

Trusts arrange multi currency facilities

Two investment trusts have arranged additional five-year multi currency loan facilities with *Hill Samuel for* the purpose of financing further investment in the U.S.

Philip Hill Investment Trust has arranged for a loan of $4m and intends to draw the facility in Euro-dollars; to date $1.6m has been drawn down. Nineteen Twenty-Eight Investment Trust has arranged $450,000 and intends also to draw in Euro-dollars; so far $180,000 has been drawn down.

Edbro CCA loss

On a current cost basis Edbro (Holdings) fell from £2.14m pre-tax profit into a £109,000 loss for the year to the end of March 1980. As known the historic profit slumped from £3.02m to £1.24m.

Looking at dividend prospects Mr. Lawrence Tindale, the chairman of this tipper gear maker, believes that it will be possible to maintain the dividend for the current year even though there is a long way to go before the necessary profit is "safely tucked under our belt." However, first the directors will again need to be satisfied that underlying earnings have not been adversely affected.

The group's current order books for its main business should ensure reasonable production through September he says, but trade is getting more difficult in some territories, including the UK, the U.S., and particularly Ireland. The company is also being hit to some extent by events in Iran.

"On the other hand Europe continues buoyant although margins continue to be under considerable pressure," he adds.

The bodybuilding subsidiaries are already feeling a downturn in orders and are budgeting for a substantially reduced profit. The group is also having to face some increased spending in the U.S.

Overall budgets for the current year imply improvement in profit with the majority of this arising in the second half.

The European reorganisation is now substantially finished and release of working capital which began in January will be complete by the end of September.

Losses at Solid Waste Engineering will persist through the year and until the group can generate sufficient sales to cover the cost of the development. This activity, which was run down during 1979-80 at a cost of £575,000, is to be operated at a very reduced scale in smaller premises.

Meeting, Charing Cross Hotel, WC, July 24, at 2.30 pm.

Loudspeaker side puts Celestion in the red

SEVERE LOSSES of £524,881 in the loudspeaker division have resulted in Celestion Industries reporting a loss of £112,988 in the year to March 30, 1980. This manufacturer and distributor of sound production equipment and clothing last year reported a pre-tax profit of £1.31m, with the loudspeaker division's contribution £337,039. Turnover for the year was down from £32.45m to £32.1m.

After reporting a loss of £214,000 (profit £414,000) at the interim stage, the board said there were indications that most of the losses would be recovered in the second half, but it was clear that overall results for the year would not match those of last year.

Commenting on the results of the loudspeaker division, the board says the third quarter had provided some encouragement, but market conditions in the final quarter were dismal. The strength of sterling and high inflation, combined with excessive interest rates, all affected the company's ability to compete profitably in a deteriorating world market.

The clothing division maintained its turnover at the expense of margins, says the board.

There was a tax credit this time of £284,601 (charge £130,000) and an extraordinary credit of £154,683 (nil), resulting in attributable profits of £326,296 (£1.86m). Stated earnings per 20p share are down from 5p to 0.727p, and the dividend is unchanged at 1p.

As at March 30, 1980, the group held 1.61m ordinary shares in Racal Electronics.

Milbury expands to £1.8m

FOLLOWING A rise from £557,871 to £902,193 at halfway, pre-tax profits of Milbury, housing development subsidiary of Saint Piran, expanded to £1.82m for the year ended March 31, 1980, compared with £1.21m.

At the interim stage the directors said that results for the full year were expected to be satisfactory, despite the adverse effects produced by the scarcity of mortgages, and high interest rates.

Turnover for the year increased by £2.86m to £11.57m and there was a tax credit of £94,799, against a £100,523 charge.

Earnings are shown as 33.82p (21.27p) per 25p share and the dividend is lifted to 4.9p (4.14p) net with a final payment of 2.8p.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Amro Bank	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	19 %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	16 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	16 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	19½%		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	17 %		
Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15 %.

Allegheny considering Wilkinson takeover

BY ANDREW FISHER

A FULL takeover bid for Wilkinson Match, valuing the match and razor group at £48m, is being considered by its largest shareholder, leading U.S. special steels producer Allegheny Ludlum.

Allegheny already owns 44.4 per cent of Wilkinson, a stake acquired two years ago in a controversial deal under which the UK group bought True Temper, which makes garden tools in the U.S., from Allegheny.

The news that Allegheny was considering making a cash bid for the rest of the shares at 168p each, which would involve an outlay of £27m, had been foreshadowed by rumours on the London stock market.

On Wednesday, Wilkinson's shares closed 13p higher at 142p, having accelerated by more than 30p since the end of last week.

The Stock Exchange will probably investigate the rise to see if there has been any insider dealing, which is now illegal.

"The sudden rise in the price of our shares forced Allegheny to move rather suddenly," said Mr. Christopher Lewinton, Wilkinson's managing director.

Yesterday's statement prompted an immediate jump in Wilkinson's shares to over 160 after their brief suspension.

Mr. Lewinton, who is also on the board of Allegheny, but took no part in its internal discussions on the contemplated bid, said Wilkinson would review the matter and say more later this month.

Wilkinson, whose profits dropped sharply in 1979-80, was the scene of a bitter boardroom last September when Mr. Denys Randolph was sacked from the chairmanship after refusing a £210,000 consultancy offer to leave without fuss.

He and Wilkinson then began legal actions against each other but these were dropped a few months ago when he finally left the board. Since then, the company has reported a 28 per cent pre-tax profits slide to £19m for the 12 months to March 31.

The price which Allegheny is ready to pay for the remaining shares is well below the price paid for its initial stake. No comment was available yesterday from the company, with most executives away from the Pittsburgh headquarters ahead of today's independence celebrations.

Allegheny's recent profit record has been more impressive than Wilkinson's, with net earnings in 1979 more than doubling from \$33m to \$71.5m (£30m), though \$6.4m of this related to discontinued operations.

The downturn in Wilkinson's own fortunes was highlighted by Mr. Randolph when he was ousted from the chair after criticising management policies.

The decline stems chiefly from stiff competition in razors where heavy losses are being made, stagnating profits on the match side, and a weak performance by the U.S. Scripto pen company, of which Wilkinson owns 56 per cent.

Lex, Back Page

Birmingham Pallet down at midway

A FALL of £7,175 to £25,325 in pre-tax profits is reported by the Birmingham Pallet Group, light engineering, for the half-year to April 30, 1980. Sales showed a small increase from £1.7m to £1.78m.

The company was severely hit by the steel strike, says the board, and this adversely affected both customer demand and steel supplies. ERI, a subsidiary company, which manufactures control knobs and decorative metal trim for radio, television and domestic appliance industries, showed increased sales and profits.

The board says the outlook for the second half is obscure. Although there is an improvement in orders for pallets and rackings, this is offset by a severe decline in demand in the appliance industries which are ERI's main customers.

After tax down from £16,900 to £10,130, stated earnings per 10p share are down from 1.53p to 1.5p, and the interim dividend is unchanged at 1p—last year's total was 3.5p from pre-tax profits of £87,000.

Greene King higher

PROFITS before tax of Greene King and Sons, brewer, advanced to £5.8m in the 52 weeks to April 27, 1980, compared with £5.09m. Sales improved from £42.85m to £48.59m.

Trading profits rose by £1.1m to £6.9m. The taxable surplus includes dividends and interest receivable of £373,000 (£528,000) and associates £125,000 (£23,000) and is struck after charges including depreciation of £1.14m (£0.99m), interest £171,000 (£115,000) and a provision for the profit sharing scheme this time of £108,000.

Earnings, after tax of £2.08m (£1.89m) are shown as 18.1p per 25p share, compared with 15.5p adjusted for a one-for-one scrip issue. The dividend is effectively raised from 7.236p to 5.5p net with a final of [illegible]p.

Extraordinary credits of £175,000 (£598,000) and a prior year adjustment last time of £2.13m leave the attributable surplus at £4.2m (£5.93m), of which dividends absorb £1.13m (£0.97m).

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Harold Singer replies to Alpine board

Mr. Harold Singer, a founder director of Alpine Holdings, the double glazing group, who was requested to resign "forthwith" on Wednesday, accused the board of making an "improper and unjustified" allegation. He told shareholders that "as the board, for whatever reason, wish it, I have resigned."

He was making an extended reply at the group's annual general meeting in London on Thursday to a controversial statement previously issued by Alpine.

Alpine had said that the action of Mr. Singer, a non-executive director, had been "detrimental to Alpine's interests and reputation." Alpine said that it had been informed that Mr. Singer had in the past few days contacted a number of the group's institutional shareholders and, it was alleged, "made certain observations to them about Alpine's confidential affairs."

Mr. Singer told shareholders at the meeting that he refuted "utterly any suggestion that my actions as a director of your company have been in any way prompted by any consideration as a shareholder in your company or by my contractual arrangements with James Gulliver Associates."

James Gulliver Associates, the private investment company of Mr. James Gulliver, the businessman who built up the Fine Fare supermarket chain, and is now chairman of Alpine, has acquired a substantial interest in Alpine.

Mr. Singer said the board's statement had referred to his actions in approaching institutional shareholders. "I did so entirely in my capacity as a shareholder in your company to obtain their reactions to a meeting between the institutional shareholders and the chairman.

Mr. Singer said he had advised an executive director of the company (and also James Gulliver Associates), Mr. D. Webster, that he would be seeing one of the company's institutional shareholders. He subsequently met with two of the shareholders. "At those meetings I did not in any way disclose any information or make any observation about your company's confidential affairs."

He added that his purpose was only to establish the views of large shareholders on the prospects of the company "and their own attitudes to their investment in your company, following their meeting with your chairman."

Mr. Singer said he had resigned but intended to remain a substantial shareholder.

The board came under close questioning from shareholders about its current trading policy and various share deals that were carried out.

Mr. Gulliver confirmed that all share deals carried out by James Gulliver Associates were within Stock Exchange guidelines.

He said during the formal proceedings of the meeting that despite measures to improve sales and marketing it was clear "that a programme of cost reduction was also necessary. Following an initial phase that involved some reduction of administrative staff and a closure of two installation depots, we have now completed a detailed review of our production operations.

"As a result a decision has been made to close a major part of our London factories and to concentrate on the manufacture of most items in the excellent production facilities which we have in Stockport and Tanfield Lea, County Durham."

He added that a redundancy agreement had been signed and that it was the group's intention "to treat the costs of this re-organisation as an extraordinary item in the current year."

Mr. Gulliver told shareholders there was some interruption to production as a result of industrial action in the period prior to the decision being announced internally. "However full scale working was resumed some weeks ago."

A. Herbert lodges deb. funds

A sufficient amount of the funds, arising from the recent disposal of assets of Alfred Herbert, has been lodged with Pearl Assurance Company, the Trustees for the debenture stockholders, to repay the outstanding £2.3m of debenture stock at par, together with the interest accruing.

GEC rises to record £415m

From external sales up from an adjusted £2.5bn to £3.01bn, profits before tax of the General Electric Company rose from £378m to a record £415m in the year ended March 31, 1980. However, on a CCA basis, profits show a downturn from £305m to £295m.

The final dividend is stepped up from 4p to 5.25p lifting the year's total from 6.25p to 8.25p. Historic earnings per share are stated as 45.7p and 24.5p on a current cost basis.

Included in the year's profit are interest receivable and investment income, £81m (£65m), interest payable on capital notes of £23m (£19m) and £25m (£12m) other interest payable.

Exports from the UK totalled £805m against £751m and export orders stood at £907m (£902m). Bank balances and deposits, less bank overdrafts were £599m at March 31 against £730m a year earlier.

An analysis of turnover (including inter-group sales) and profit shows in the UK, electronics, automation and telecommunications contributed £1.04bn (£862m) and £135m (£101m) respectively; power engineering, £427m (£401m) and £46m (£56m); industrial £334m (£327m) and £48m (£55m); components, cable and wire £397m (£328m) and £35m (same); consumer products £303m (£278m) and £21m (£24m) and associates £118m (£91m) and £3m (£8m).

Overseas subsidiaries contributed £688m (£487m) and [illegible] (£47m), associates £227m (£145m) and £24m (£18m) and other activities and items £20m (£22m) and £9m (£4m).

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Batleys surges to £1.03m

THE VERY good second half forecast at midway by the directors of Batleys of Yorkshire, cash and carry wholesaler, has brought pre-tax profits of £609,612, compared with £350,466 for the corresponding period last time, and lifted the full-year surplus from £610,261 to £1,029,557. First half profits were up £160,150 to £419,945.

The figures include the results of S. Travis from May 25, 1979.

Turnover rose from £60.9[illegible]m to £89.12m. Earnings, after tax of £82,800 (£72,336) are shown at 11.02p against 5.99p, adjusted for a two-for-one scrip issue.

A final dividend of 1.56p makes 2.86p—last year a total of [illegible] was paid on the old capital.

Thermal ahead but warns of slowdown

The continued improvement expected by Thermal Syndicate in the first half year to April 30, 1980, emerges as a rise in pre-tax profits from £502,000 to £775,000 on increased turnover of £7.54m against £6.15m.

However, inflation will inevitably squeeze margins in the second half, the directors say.

Even so, with the contribution from contracts for the sale of processes and plant likely to be about the same as last year, it is the board's intention to equal last year's performance and hopefully show some improvement.

The interim dividend is maintained at 3p—the total last year was 7p when pre-tax profits were £1.31m and turnover amounted to £12.64m. The group manufactures fused quartz, silica and high temperature refractories.

● comment

Thermal Syndicate claims 60 to 70 per cent of the vitreous silica market in the UK, and has done well to raise pre-tax profits by 54 per cent. Input cost stability and price rises during the year help explain the advance, as an increased contribution from the special metals division. The company is now looking for additional "know how" contracts in which it can sell production licences. It has had such contracts with Eastern European countries, but there are now winding up. In the current year earnings should be slightly higher than last year: a £1.4m pre-tax projection suggests a prospective p/e of 8.4 on a full tax charge. At 111p the shares yield a historic 9.3 per cent.

Harrison Cowley placing

Robert Fleming and Co. has placed 1.5m shares of Harrison Cowley (Holdings), the Bristol-based advertising agency group, at 75p a share. Dealings are to begin next Tuesday under Stock Exchange rule 163 (2).

The shares, 30 per cent of those issued, were sold by the directors and 42 employees of Harrison, each selling about 43 per cent of his holding. Six of the seven directors and four senior managers have undertaken to retain 75 per cent of their remaining shares for three years.

Harrison, which has agencies in Bristol, Birmingham, Southampton, Maidenhead, Manchester and Edinburgh, had pre-tax profit in 1979 of £726,000 (£374,000) on turnover of £16.4m (£12.2m).

At the placing price, the market value of the company is £3.75m. The company has forecast pre-tax profit in 1980 of not less than £900,000 or 7.84p a share after a 56 per cent tax charge.

On this basis, the placing price is just under ten times estimated earnings and the anticipated 3.85p net dividend for the year would provide a 7.3 per cent yield.

Mercury near £1m rise at attributable level

Attributable profits of Mercury Securities, which has a controlling stake in merchant bank S. G. Warburg and Co., for the year to March 31, 1980, rose from £10.69m to £11.6m.

The surplus of the group whose other interests include metal trading and refining, insurance, shipping and employee benefit consultancy group, was struck after tax and minorities and included £4.3m (£4.1m) from associated companies.

At the half-way stage directors said group profits for the first six months were higher than those for the corresponding period.

Dividend is up from 6p to 6.5p and earnings per 25p share are given as 27.24p, against 25.13p.

Balance added to reserves is down to £8.83m (£12.3m).

Profits of the merchant banking side improved from £9.62m to £10.01m, after transfer to inner reserves while metal trading and refining profit amounted £2.89m (£2.27m). Insurance and shipping contribution was £1.3m against £1.2m.

The 1978-79 accounts also included an extraordinary credit of £4.16m, being a provision for deferred taxation no longer required.

Capital and reserves, excluding the inner reserves and the banking companies and excluding the excess of market and directors' valuation over the balance sheet amounts of listed and unlisted investments, exceed [illegible] (£79m).

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Mount Pleasant tungsten to flow in 1982

COMMERCIAL production is expected to be achieved in early 1983 at the C\$80m (£29m) Mount Pleasant tungsten mine in New Brunswick, an equally-owned joint venture of Billiton Canada and the Sullivan Mining Group, reports John Soganich from Toronto.

This will be Canada's second tungsten mine and it has the potential to produce a significant proportion of the Western world's supply of tungsten.

At optimum operating rates the mine should have an annual production of 650,000 tonnes of ore, giving 1,800 tonnes of tungsten oxide and 600 tonnes of molybdenum. Ore reserves have been put at over 7m tonnes.

'Pru' 16% premium rise

The Prudential Corporation, the largest life assurance group in the UK, reports a 16 per cent growth in new annual premiums on its world wide life and pensions business, from £81.5m to £94.4m for the first half of 1980. This compares with a 29 per cent increase for the whole of 1979.

Single premiums for the first half of this year improved by 3.4 per cent from £50m to £51.7m, against a 10 per cent rise for the whole of 1979.

Individual life and pensions business in the UK continued buoyant this year, following the trend of the past two years. New annual premiums in the ordinary branch rose by nearly 20 per cent from £26m to £31.1m, boosted by a 31 per cent rise in personal pension contracts to £9.5m.

In the industrial branch, new annual premiums rose by over 34 per cent from £22.9m to £30.8m. This growth was due in part to the transfer of the method of granting tax relief on life assurance premiums which affected the first quarter's figures. But ignoring this once for all boost, the underlying growth in industrial life business was 18 per cent.

The Corporation's linked life subsidiary, Vanbrugh Life, showed growth in both annual and single premium business thus resuming an upward trend after a period of decline for single premiums. New annual premiums amounted to £1m against £900,000 and single premiums were £19.3m against £18.9m.

Otherwise single premium business in the UK for individual contracts declined from £8m to £6.5m.

Group pensions business showed a mixed pattern over the period. New annual premiums fell by over 12 per cent from £16.4m to £14.4m, the rise in managed fund business of Prudential Pensions being more than offset by a decline in insured pension scheme business. But single premium group pensions improved by 25 per cent from £10.7m to £13.4m.

Overseas life and pensions business improved in both annual and single premiums. New annual premiums rose by 10 per cent from £8.0m to £8.8m and single premiums by nearly 50 per cent from £6.2m to £9m.

The Corporation's reinsurance subsidiary Mercantile and General recorded a 14 per cent growth in annual premiums from £6.4m to £7.3m, but single premiums halved from £6.2m to £2.9m.

Fullers passes £1.6m

TAXABLE PROFITS of Fuller Smith and Turner, brewer and wine and spirit merchant, rose to a record £1.64m in the year to March 28, 1980, compared with £1.4m. Turnover went ahead from £17.84m to £19.83m.

A final of 5p lifts the net dividend from 7p to 8.5p and the directors are planning a scrip issue of one "A" or "B" ordinary share for every two held.

The surplus includes investment income of £128,787 (£86,132) and is struck after interest charges of £202,693 (£193,249). Tax takes £789,432 (£670,868), leaving stated earnings up from 33.41p to 39.91p.

After minorities of £4,448 (£4,353), extraordinary credits of £347,788 (£221,149) and dividends the retained surplus emerges at £1.02m (£784,566).

The £3.5m brewery redevelopment is nearing completion, says Mr. Lewis Turner, the chairman, and is designed to increase productive capacity by 50 per cent.

Wedgwood sales outlook

SALES up from last year's £95.7m to between £115m and £120m are forecast for Wedgwood in 1980-81 "which may enable us to maintain our present level of profits," Sir Arthur Bryan, chairman, tells shareholders in his annual statement.

He warns that to do this, economies would have to be effected "on a scale which, hopefully, may not damage our long term prospects, but in the event, may well cause difficulties in maintaining our prominent overseas trading position."

Meeting, Barlaston, Stoke, August 7 at 3.00 pm.

APPOINTMENTS

Managing director at Alexander Duckham

Following Mr. Ray Strettell's move to a new appointment in Holland, Mr. Geoffrey Sheppard has been appointed managing director of ALEXANDER DUCKHAM AND CO. Mr. Sheppard has been manager of BP retail division since 1976 and prior to that was the BP brand manager in Shell-Mex and BP.

★

RHP BEARINGS has appointed Mr. Bernard Reed as marketing director. Mr. Reed joins RHP from Doulton, a subsidiary of S. Pearson and Son, where he was a chief executive responsible for their glass processing and fabricating businesses. Previously Mr. Reed was a director of BOC gases division following a period with McKinsey and Co.

★

Mr. A. M. Pelham Burn has been appointed deputy chairman of THE SCOTTISH PROVIDENT INSTITUTION.

★

Mr. A. F. Griffin, Mr. M. H. Hughes and Mr. L. R. Stacey have been appointed managing directors of ALEXANDER HOWDEN INSURANCE BROKERS. Mr. R. Barlow, Mr. C. Brinsmead, Mr. P. G. Coombes, Mr. P. Hailey, Mr. R. F. Lyes, Mr. R. J. Micklewright, Mr. G. C. Stangroom and Mr. D. Wolf (U.S.) have been appointed directors.

★

Marshal of the Royal Air Force Sir Neil Cameron has been appointed a regional director of the Greater London regional Board of LLOYDS BANK which sits at Berkeley Square under the chairmanship of Lord Lloyd. Sir Neil was formerly chief of the Defence Staff and Air ADC to the Queen.

★

Mr. Robert Walther has been appointed assistant general manager (investments) of CLERICAL MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY. Mr. Bernard High has been appointed property investment manager.

★

EUROPEAN ARAB BANK has appointed the following as deputy general managers: Mr. J. R. V. Harding, Mr. C. F. Howard and Mr. N. W. Pearson.

★

Mr. C. J. Styles has been appointed to the Board of AUTOSENSE EQUIPMENT as commercial director, responsible for contracts, personnel, finance and pricing. He also has an administrative responsibility for the marketing and manufacturing of garage diagnostic equipment.

★

Mr. Alan Keeling has been appointed to the Board of JOSHUA TETLEY AND SON and will be responsible for the North-East sales region.

★

Mr. Hans A. Wuttke has been appointed executive vice-president of the INTERNATIONAL FINANCE CORPORATION, with effect from January 1, 1981.

★

Mr. Michael Harris has been appointed managing director of MAI UNITED KINGDOM.

★

Following the retirement of Mr. John Ogg, Mr. Alan Tucker has been appointed managing director of KANGOL MAGNET. Mr. Ogg continues as a non-executive director.

★

Mr. James Tinline has been appointed managing director of JOWETT AND SOWRY (PRINTERS), a subsidiary of Watmoughs (Holdings).

★

Mr. A. Neil Soutar has been appointed a director of GARNAR SCOTBLAIR.

★

R. P. MARTIN states that Miss M. H. Forrest has been appointed to the Board of PANCRAS LANE SERVICES. Mr. M. D. Smith has joined the Board of R. P. Martin Exchange and Mr. J. Gower has been made manager of the Scandinavian desk of R. P. Martin Exchange.

★

Mr. Peter Mellor has joined BANKERS TRUST COMPANY, London, as vice-president and international equity manager.

★

Mr. Roger Young has been appointed managing director of BONAR LONG AND CO., a subsidiary of the Low and Bonar Group. Mr. Young was previously with Aurora Holdings.

★

Mr. John R. Brookes has been appointed joint managing director of FRANK POWER AND CO. and Mr. William J. Pragnell becomes a director.

★

Mr. Cyril Cantor and Mr. Harold Cantor, have resigned as joint managing directors of CANTORS. Mr. Cyril Cantor continues as non-executive chairman. Mr. Nicholas Jeffrey becomes chief executive.

★

SCEPTRE RESOURCES has elected four new board members. They are Mr. Pierre Goyette, vice-president, finance of Consolidated-Bathurst Inc., Mr. Timothy J. Wagg, vice-president and treasurer of Consolidated-Bathurst Inc., Mr. H. Stuart McColl, technical consultant to Sceptre, and Mr. Joseph S. Irwin, Jnr., executive vice-president and chief operating officer of Sceptre. In addition, Mr. Peter J. Carter has been appointed vice-president and manager of international ventures, Mr. Stan Weber has been made treasurer of Sceptre, and Mr. Dennis Paterson has joined the company as a geologist.

★

Mr. P. T. Underhill has been appointed a director of STEWART WRIGHTSON (REINSURANCE BROKERS).

INTERNATIONAL COMPANIES and FINANCE

Half-year advance at Kohler Brothers

By Jim Jones in Johannesburg

KOHLER BROTHERS, South Africa's second largest printing and packaging group, increased its after-tax income by 34 per cent to R6.06m ($7.9m) in the six months to June 30, and says that results for the full year are expected to be very satisfactory."

Before LIFO (last-in-first-out) stock adjustments, a first-half operating profit of R11.35m was recorded, compared with R9.01m in the same period of the previous year. Turnover rose by 26 per cent to R66.05m ($85.8m), from R52.42m compared with an operating profit of R19.71m and turnover of R113.29m for the full year 1979.

The management ascribes the better operating results to improved business conditions and further benefits from greater productivity. However, this is accompanied by a warning that competition remains intense and that cost escalations continue to restrain earnings.

Although the manufacture of low-technology packaging such as corrugated cardboard containers is an important part of Kohler's business, the group has steadily extended operations into higher technology fields such as plastic bottles, credit card manufacture and computer forms. A R16m capital spending programme aimed at modernising and expanding operations this year is on schedule, and should be completed during the current six months.

With the switch to LIFO stock accounting, the group has a strong cash flow. And with long-term borrowings increased by R4m to R10m during the first half the management is confident that the group has adequate cash resources to fund both the capital spending programme and, as they arise, acquisitions.

An interim dividend of 35 cents, compared with 27 cents, has been declared from first-half earnings per share of 71.7 cents, against 54.8 cents. This compares with a total dividend of 61 cents paid from earnings of 125.3 cents per share in 1979.

Johannesburg, — Kohler's shares are currently quoted at 700 cents.

Mitsui lifts consolidated profits more than 10 times

BY RICHARD C. HANSON IN TOKYO

MITSUI AND CO., Japan's second largest trading company, reported yesterday that its consolidated net income soared more than 10 times to a record Y28.39bn ($131m), in the year to March 31, as a result of strong demand at home and overseas, price increases and the depreciation of the yen. In 1978-79, net profit was Y2.44bn.

Consolidated sales gained 34.6 per cent to Y10,659bn ($4.8bn), led by a steep increase in import turnover as the price of oil and other commodities rose sharply. Oil and gas sales alone were up by more than 140 per cent, to account for 16 per cent of the total, compared with only 9 per cent a year earlier.

Mitsui and the other large Japanese trading houses have become major procurers of oil for Japan since supplies from the major oil companies were disrupted by the revolution in Iran. They now account for nearly 40 per cent of the oil imported by Japan, primarily through the so-called direct deal arrangements with oil producing countries.

Meanwhile the fate of a multi-billion dollar joint-venture petrochemical project in Iran, in which Mitsui is the leading Japanese partner remains unclear. Last month the Mitsui group agreed to an Iranian demand that work be restarted on all 13 parts of the Bandar Khomeini project, rather than just a liquid petroleum gas (LPG) plant and certain support facilities proposed by the Japanese.

The Iranians informed the Japanese partner that there will not be enough associated gas (which flows from oil producing wells) available for the LPG plant because of the low level of oil production at present. Mitsui, which was counting on the LPG plant to generate enough funds to cover the cost of completing the rest of the complex, has agreed to conduct a feasibility study to determine whether work can proceed on the basis of using initially as naphtha as a raw material for an ethylene cracking plant. The study should take about three months.

MITSUBISHI Corporation, the leading Japanese trading house, said it plans to offer 40m capital shares of Y50 par value each through public subscription here at a market price to be decided, with payment required on August 29, reports Reuter from Tokyo.

The company's capital will be increased by Y2bn to Y57.37bn.

The additional funds will be used, it is said, to expand sales in the current business year ending next March to about Y14,000bn ($63.6bn) from last year's Y12,070bn.

Bahrain draws Japanese banks

BY MARY FRINGS IN BAHRAIN

ONE NEW offshore banking licence is among the list of 15 banking licences announced by the Bahrain Monetary Agency (BMA) this week.

The admission of Allied Banking Corporation of the Philippines falls within the guidelines laid down by the BMA a year ago, when they imposed a moratorium on new entrants to the offshore market. The exceptions were to be established banks from countries not already well represented in Bahrain.

Allied Banking Corporation opened a representative office in Bahrain last year and is the only bank here from the Philippines.

A specialised investment banking licence was awarded to E. F. Hutton, Inc., one of the leading U.S. investment banks and Wall Street brokerage houses. Elsewhere in the region the company has offices in Beirut and Dubai.

Approval was given to 11 banks to open representative offices in Bahrain. All were from Japan except for Wardley Middle East, a Dubai-based merchant bank owned 80 per cent by Hong Kong and Shanghai Banking Corporation and 20 per cent by the British Bank of the Middle East, itself a subsidiary of the Hong Kong and Shanghai.

The influx of so many banks at one time is seen as a peculiarly Japanese phenomenon. Although the Gulf is a prime market for Japanese exporters and contractors, there have been no economic changes over the past two years to justify a concerted rush, apart from hopes of Japanese participation in the U.S.$800m Saudi Bahrain Causeway project.

The explanation may be partly in the tremendous publicity in the Japanese press given to the Bank of Tokyo's status as Japan's first bank in Bahrain, and partly in the control exercised by Japan's Ministry of Finance, on the number of representative offices which each bank is allowed to open in a year.

The restriction meant that banks which might have applied earlier for a representative office licence in Bahrain, had to study their worldwide priorities. As it is, there will be 13 Japanese banks in the market including the Bank of Tokyo and the representative offices of Nippon Credit Bank and Sumitomo Bank.

The newcomers are Mitsubishi Bank, Yamaichi Securities Company, Long Term Credit Bank, Toyo Trust and Banking Company, Fuji Bank, Sumitomo Trust and Banking Company, Mitsui Bank, Dai-Ichi Kongyo Bank, Kyowa Bank, and Nomura Securities Company.

The two remaining licences were accounted for by the formal ratification of permission to open an OBU, granted some time ago, to Credit Commerciale de France, which opened a representative office in 1979, and by the provisional acceptance of one undisclosed bank, pending further discussions.

State takes majority in Bapco

BY OUR BAHRAIN CORRESPONDENT

THE BAHRAIN Government has become the majority shareholder in the 250,000 barrels-a-day Bapco refinery, although the Cabinet is still debating the terms of the 60-40 participation agreement reached with Caltex, the parent company of Bapco, earlier this week.

The signing of the formal agreement is expected to be delayed until the end of the year.

Swedish Steel maker faces slower recovery

By William Dullforce in Stockholm

THE expected downturn in world steel business means that the restructuring of Svenskt Staal (SSAB), the Swedish steel company, will be completed under unfavourable conditions and is not likely to produce tangible results until 1981 and 1982, according to Mr. Björn Wahlström, the managing director, in the 1979 report.

Last year the group posted in a pre-tax loss of SKr 410m ($98.8m), an improvement of SKr 259m on the loss recorded in the previous year. Group turnover rose by 15.7 per cent to SKr 4.17bn (about $1bn).

Net financial charges were SKr 87.7m, against net financial income of SKr 45.5m in 1978. The difference arises mainly from the interest which SSAB paid to its two private shareholders on loans covering the inventories they contributed at the formation of the company. These loans did not draw interest in 1978.

SSAB came into being on January 1, 1978, after the merger of Sweden's three largest steel works, the state-owned Norrbottens Järnverk, Stora Kopparberg's Domnarvet steel plant and Gränges Oxelösund works.

Statsföretag, the state holding company, owns half the share capital with Stora Kopparberg and Gränges each holding 25 per cent.

Although SSAB took advantage of the temporary upturn in the steel business to raise both the volume of its deliveries and its sales income, the pre-tax loss still represents a "very unsatisfactory" result in Mr. Wahlstrom's view.

Any further advance towards break-even this year will depend on cost-cutting steps and the shedding of operations with no long-term profit prospects, Mr. Wahlström states.

Orders rise at Hochtief

ESSEN—Hochtief AG's construction output rose 26 per cent to DM 2.8bn ($1.6bn) in the first half of 1980, compared with 1979's first half. Herr Albrecht Schumann, managing board chairman, said at the shareholders' meeting.

Incoming orders rose 28 per cent to DM 2.7bn in the first six months, while the order book totalled DM5.3bn

Reuter

Spanish chemicals group shows sharp improvement

BY ROBERT GRAHAM IN MADRID

SPAIN'S LARGEST and most diversified chemicals group Explosivos Rio Tinto (ERT) has turned in a net profit for 1979 of Pta 1.3bn ($19m). The modest profit is a substantial improvement on the previous year's Pta 237m. Sr. Ignacio Herrero Garralda, the company president, has told shareholders he believes that ERT has begun a turnround and is facing the recession on a more solid basis.

In 1978, ERT was hard-hit by a combination of a freeze on fertiliser prices, high financial costs, and over-investment. Since then a major attempt has been made, to rationalise by shedding some of the 20,000 strong labour force, through a re-assessment of investment programmes, and by seeking to hive off unnecessary activities, (such as the company's venture into property and tourist development).

The company did not mention the talks held with Hoechst, the West German chemicals group, on the sale of part or all of its pharmaceutical division. The two companies already have joint-venture chemical interests in Spain and ERT has been looking to consolidate its position in relation to the EEC.

Last year parent company sales were up 20 per cent to Pta 96bn ($1.4bn) while consolidated group sales totalled Pta 142bn, a rise of 25 per cent. This year turnover, especially in petroleum products, has risen sharply due to higher energy prices. During 1979 the cash flow position improved and ERT was able to set aside Pta 4.2bn to cover amortisations.

Amev completes $134m deal

BY CHARLES BATCHELOR IN AMSTERDAM

AMEV, THE Dutch insurance group, announced the completion of its $134m bid for Interfinancial of Atlanta, Georgia. Interfinancial's remaining shareholders have approved the cash offer of $55 a share first announced in March, Amev said. Agreement with several major shareholders was reached at an early stage of the negotiations.

Three senior Amev directors, including Mr. Carel Nengerman, chairman, have joined the U.S. company's Board of directors. Interfinancial undertakes life and non-life insurance, consumer lending, leasing and property management.

It had 1979 turnover of $250m producing profits of $14m. Its main divisions are the American Security group, United Family Life Insurance Company and Security Mutual Finance Corporation.

Interfinancial is Amev's largest U.S. acquisition and follows its $60m takeover of the Milwaukee-based Time Insurance company in 1978. It brings turnover of the Amev group to more than Fl 3bn ($1.5bn) and the workforce to 6,500.

Amev, which is the second largest Dutch insurer announced, 21 per cent higher net profits of Fl 115m ($60m) in 1979 on turnover 14 per cent up at Fl 2.43bn. It recently announced that it expects profits to rise by more than 10 per cent this year.

Amev has just completed a Fl 116m rights issue to finance the acquisition of Interfinancial and of United Dominions Trust (Australia) of Sydney. It made a one-for-five issue of Fl 10 nominal shares at Fl 77.50 a share and also placed preference shares worth a nominal Fl 10m.

Federal recovery hopes undimmed by setback

BY OUR FINANCIAL STAFF

THE WEAK trend evident in the first nine months of the 1979-80 financial year failed to improve during the final quarter of the year at Federal Company, which suffered a sharp 69 per cent decline in net profit to $2.8m in the last quarter to end-May.

Consequently, net profit for the year has plunged to $9.6m from $32.7m previously, even though total revenue rose 14 per cent to $978m.

It thus looks as though Federal, a poultry processor and flour miller, will have to press very much harder in the current year if it is to stage the "good recovery" that Wall Street analysts have been forecasting.

The collapse in profits was largely due to the loss incurred at its major poultry products division, which in the previous financial year contributed 67 per cent of total profits.

In past years, Federal has experienced sharp swings in earnings as a result of wide fluctuations in the prices of broiler products and feed costs. The year just ended proved no exception.

The adversities encountered by the poultry side were aggravated by a decline in earnings at subsidiary National By-Products, which in the last financial year accounted for about 26 per cent of Federal's profits.

The reverses at these two divisions far outweighed the gains recorded by its flour and bakery supplies sector.

COMMODITIES/REVIEW OF THE WEEK

Coffee up as Brazil halts exports

BY OUR COMMODITIES STAFF

NEWS THAT Brazil, the world's biggest coffee producer by far, had halted exports pushed prices sharply higher on the London market yesterday. The September futures position ended the day £70 up at £1,476.5 a tonne but this still represented an £82.5 fall on the week.

The Brazilian move was seen as a response to the recent substantial decline in coffee prices which has hit its foreign exchange earnings. Before yesterday's rally the September quotation had fallen £380 in a month. Dealers said, however, that they saw it as a short-term attempt to lend some strength to the market. Brazil still has a lot of coffee to sell and is likely to return to the market at the earliest opportunity, they added.

Coffee prices rallied early in the week with dealers explaining that the market had become "oversold" in the wake of receding Brazilian frost fears. But with temperatures in the Brazilian coffee regions remaining comfortably above freezing the rally proved only a brief interruption in the decline.

Cocoa prices also fell, though much less dramatically. The September position on the London futures market ended £12 down at £1,053.5 a tonne after falling £12.5 yesterday.

The late decline was attributed to another rise in Gill and Duffus' forecast of the 1979/80 world cocoa production surplus. The influential London trade house now puts the excess supply for the current season at 154,000 tonnes, 20,000 more than in its previous report in April. Last season the surplus amounted to 60,000 tonnes, Gill and Duffus estimates.

Earlier cocoa prices had remained relatively steady with the scarcity of nearby supplies, particularly from Ghana, tending to counteract the effects of the "bearish" long-term supply/demand position. This factor was also thought to have softened market reaction to the Gill and Duffus forecast. Some dealers had suggested that signs of a slight improvement in consumption had helped to steady the market.

Lack of physical demand led to a further cut in world sugar prices this week and the October position on the London futures market closed yesterday at £327.5 a tonne, down £21.75 on the week. The fall was also encouraged by a "sell" recommendation by a leading U.S. broker.

At this week's EEC export tender, export licences were granted on 29,250 tonnes of white sugar and 8,000 tonnes of raws, with maximum levies of 3.509 ECUs and 6.010 ECUs respectively. Last week exports of 34,700 tonnes of whites were authorised.

The metal markets were dominated by the effects of the U.S. copper workers' strike which began last weekend following rejection of the proposed labour contract. Prices on the London Metal Exchange moved up sharply initially before running out of steam somewhat in mid-week as traders took stock of the situation, which had not been unexpected. But the rise was then resumed and cash copper wirebars ended the week £66 up at £904 a tonne.

The strike, which involves 40,000 workers, could last for some time, some dealers have warned. But with demand depressed by the industrial recession stocks are believed to be sufficient to last for several months at least.

The international Wrought Copper Council, which represents consumers, has forecast a surplus this year of between 100,000 and 200,000 tonnes and many experts believe this is a conservative estimate. Dealers have pointed out, however, that despite the comfortable stocks position, a prolonged strike could cause a turnround in market sentiment which has been basically "bearish" for some time.

Tin, despite confusion over the implications the U.S. General Services Administration's rejection of bids at its regular sales tender, gained ground towards the end of the week but still ended £80 down on balance for cash metal. Meanwhile, cash lead and zinc ended £15 and £21.25 higher respectively.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1980 High	1980 Low
METALS					
Aluminium	£810/815	—	£710/30	£810/815	£760/70
Free Markets c.i.f.	$1,700/1,720	+20	$1,485/150	$2160/2200	$1635/55
Antimony					
Free Market 99.6%	$3,260/3,310	—90	$3,000/100	$3,435	$3200/3300
Copper Cash Wire Bars	£904	+66	£819.5	£1 372	£835
3 months Do. Do	£925.75	+60	£833.5	£1,076.5	£855.9
Cash Cathodes	£881.5	+68	£800	£1,319	£806
3 months Do	£902.5	+61.5	£817.25	£1,348.5	£832
Gold per oz	$666.5	+29	$280.875	$835	$473
Lead cash	£346.5	+16.5	£644	£579	£299.5
3 months	£353	+15	£610.25	£4715	£308.75
Nickel	£3,246.35	—	£3,225.4	£3,477	£3,195.78
Free Market c.i.f. lb.	280/310c	+7.5	$250/280c	315/345	265/295c
Platinum per oz	£182.50	—	£168	£195	£182.50
Free Market per oz	£298.70	+18.30	£191	£465.6	£230
Quicksilver (76lbs.)	$400/410	+20	$285/300	$405/415	$370/380
Silver per oz	719.0p	+25.9	401.45p	2,165.05p	467.80p
3 months per oz	747.0p	+25.7	412.75p	2,185.85p	483.3p
Tin cash	£7,302.5	—112.5	£7,375	£8,350	£7,235
3 months	£7,285	—80	£6,957	£8,385	£7,167
Tungsten Ind.	$143.85	+4.05	$140.17	$144.50	$137.75
Wolfram (22.04 lb)	$143/146	—	$140/45	$147/151	$123.50/134
Zinc cash	£307.75	+23.25	£336.5	£400	£283
3 months	£318.5	+21.25	£350.5	$413.5	£292.25
Producers	$780	—	$845	$825	$780
GRAINS					
Barley Home Futures	£95.60	—0.35	£91.2	£101.55	£89.95
Maize French No. 5 Yellow (Amer)	‡	—	‡	£119	£115
WHEAT					
No. 1 Red Spring	‡	—	£99.25	‡	‡
Am. Hard Winter	£95.10	+0.10	£101.5	£105	£92.75
Eng. Milling (new crop)	‡	—	‡	‡	‡
SPICES					
Cloves (g)	$3,575w	—	$3,850	$4,175	$3,870
Pepper, white	$2,375w	—	$2,750	$2,825	$2,975
black	$1,550w	—	$1,925	$2,025	$1,575
OILS					
Coconut (Philippines)	$645w	+5	$1,155	$925	$570
Groundnut 5%	‡	—	‡	£457	‡
Linseed, Crude	£410	+4	£405	£464	£368
Palm Malayan	$557.50y	—	$694	$725	$505
SEEDS					
Copra (Philippines)	$440	+10	$740	610	$360
Soyabeans (U.S.)	$300	+28	$337.25	$304	$260.5
OTHER COMMODITIES					
Cocoa Shipment	£1,104	—18	£1,578.5	£1,546	£1,092
F'ts 2nd pen.	£1,053.5	—12	£1,479.5	£1,513.5	£1,035.5
Coffee Futures Sept	£1,476.5	—82.5	£2,013	£1,784.5	£1,406.5
Cotton Index	85.50c	+2.5	76.45c	98.40c	85c
Des. Coconut	£725	+15	£740	£740	£700
Jute LJ ABW C grade	£209w	—	£558	£225	£208
Rubber Kilo	59.5p	—0.50	61p	80p	55.50p
Sago Pearl	£207w	—	£195	£218	£204
Sisal No. 3	$885	—	$900	$895	$860
Sugar (Raw)	£290	—15	£102	£352	£164
Tapioca No. 1	£205w	—	£201	£221	£202
Tea (quality) kilo	149p	—	136p	150p	132p
(plain) kilo	700	—1	64p	73p	65p
Wooltops 64s Warp	289pkilo	—1	271p	308p kilo	276p kilo

‡ Unquoted. (g) Madagascar. (x) Aug./Sept. (t) Aug. (w) July/Aug. (y) Sept.

BASE METALS

COPPER—Marginally firmer in subdued trading on the London Metal Exchange. Forward metal held steady in the mid £920s throughout the day prior to closing the late kerb at £925.5. The lack of interest mainly reflected the closure of U.S. markets. Turnover: 15,875 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	903.5-4.5	+6.25	903.5-4.0	+5.25
3 months	925-.5	+6.25	925.5-6.0	+4.5
Settlem't	904.5	+8.5	—	......
Cathodes				
Cash			881-2	+5
3 months	878-9	+2	902-3	+4
Settlem't	901-2	+2.5	—	......
U.S. Prod	879	+9	*88-90	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £901, 7, 5, 4. Three months £924, 23.5, 24.5, 25, 26, 26.5, 27, 28, 27, 25. Cathodes, cash £878, three months £901. Korb: Wirebars, three months £924, 24.5, 25. Afternoon: Wirebars, three months £925, 25.5, 25, 26, 25.5. Kerb: Wirebars, three months £925, 24.5, 26, 25.5.

TIN—Slightly firmer with forward metal edging up from £7,250 to a high of £7,290 before closing the late kerb at £7,270. Turnover: 765 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7360-70	+15	7500-5	+42.5
3 months	7265-80	+27.5	7225-310	+50
Settlem't	7370	+11	—	......
Standard				
Cash	7360-70	+20	7000-5	+42.5
3 months	7250-60	+27.5	7280-90	+30
Settlem't	7270	+20	—	......
Straits. E.	$19155	+1	—	......
New York				

Morning: Standard, cash £7,280, 70, three months £7,265, 80, 50. Kerb: Standard, cash £7,270, 80, three months £7,260, 70, 75. Afternoon: Standard, cash £7,300, 20, three months £7,280, 80. Korb: Standard, three months £7,270.

LEAD—Little changed in routine trading with forward metal finally £351 on the late kerb after having touched £357 in early trading. Turnover: 5,350 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	346-7	—1.25	345.5-7.5	—1
3 months	354-5	—	352-4	—1.82
S'ment	347	—1	—	......
U.S. Spot	—	......	*36-40	......

Morning: Cash £346, 47, 46, 47, three months £357, 56, 55, 54, 53, 53.5. Kerb: Three months £354, 53. Afternoon: Three months £353. Kerb: Three months £352, 51.

ZINC—Barely changed with forward metal trading in a narrow range prior to ending the day at £317.5. Turnover: 12,250 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	307-8	—2	307-8.5	—1
3 months	318.5-9	—2	318-9	—2
S'ment	308	—2	—	......
Primw'ts	—	......	*00.6	......

Morning: Cash £307.5, three months £319. Korb: Three months £319, 18. Afternoon: Three months £319, 18, 18.5. Kerb: Three months £319, 19.5, 17.5.

ALUMINIUM—Unchanged on balance for forward metal. Three months traded quietly throughout the morning but moved up to touch £724 in the afternoon rings following speculative buying before falling back to close the late kerb at £718.5. Turnover: 4,875 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	727-8	+7.5	725-7	+3.25
3 months	719.5-21	+1.75	718-9	......

Morning: Cash £728, three months £719, 18.5, 19, 20. Kerb: Three months £721, 22. Afternoon: Three months £725, 24, 23, 22, 21.5, 21, 20.5, 20, 19. Kerb: Three months £717.5.

NICKEL—Little changed for three months material although forecasts of a decline in stocks prompted a good demand for cash metal which narrowed the contango to level of one point. Forward metal was untraded throughout the morning but picked up to touch £2,870 in the afternoon before being offered down to £2,855 on the late kerb. Turnover: 384 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2825-30	+5	2840-55	+30
3 months	2865-70	+10	2860-70	+2

Morning: Cash £2,825. Afternoon: Three months £2,870. Kerb: Three months £2,870, 65, 60.

SILVER

Silver was fixed 4p an ounce higher for spot delivery in the London bullion market yesterday at £7.19. U.S. equivalents of the fixing levels were: spot $10.9, up 13.3c; three-month $17.289, up 9.4c; six-month $17.717, up 7.3c; and 12-month $18.57, up 12.1c. The metal opened at £7.2-£7.35 ($10.90-$17.20) and closed at £7.15-£7.30 ($10.85-$17.15).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	719.0p	+4	781.75p	+3.75
3 months	747.0p	+3	750.50p	+4
6 months	773.0p	+3	—	......
12 months	818.0p	+3.16	—	......

LME—Turnover 100 (236) lots of 10,000 ounces. Morning: three months 745, 44, 45, 48, 47. Kerb: Three months 748, 47, 48. Afternoon: three months 753, 54, 50. Korb: three months 750, 49, 51.

COCOA

An uninspiring day with futures locked in a narrow trading range and closing quietly some £10 below the levels of Thursday evening. Producers again made light sales for 1981 positions but consumers remain sidelined, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1038-1042	—11.6	1056-1040
Sep	1053-1054	—12.5	1070-1051
Dec	1097-1038	—10.0	1110-1033
March	1141-1142	—6.0	1150-1138
May	1162-1164	—5.6	1170-1163
July	1195-1184	—7.0	1189-1180
Sept	1200-1214	—2.0	1214

Sales: 2,748 lots of 10 tonnes.

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1408-12	+69.0	1420-1390
Sept	1475-78	+70.0	1480-1460
Nov	1510-11	+73.5	1525-1490
January	1526-30	+75.5	1538-1500
March	1500-20	+72.5	1508-1485
May	1515-50	+87.5	1520-1500
July	1570-70	+87.5	—

Sales: 9,014 lots of 5 tonnes.

ICO Indicator prices for July 3 (U.S. cents per pound): Other Mild Arabicas 157.83; Robustas ICA 1976 150.25, ICA 1968 150.50; Unwashed Arabicas 206.50; Comp. daily ICA 1968 174.81.

GRAINS

LONDON GRAIN FUTURES—In fairly quiet trading prices eased slightly but commercial buying interest kept values about steady, main volume being in nearby options, to close steady on wheat unchanged to 10p higher and with barley slightly depressed at 5p lower on nearbys to unchanged, reports Acli.

HGCA — Locational ex-farm spot prices. Other milling wheat: N. East 110.00. Feed barley: N. East 91.20.

WHEAT Mnth	Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept	95.65	+0.10	91.60	+0.05
Nov	98.40	+0.05	95.60	+0.05
Jan	103.25	+0.05	99.40	—0.05
May	108.65	......	102.80	......
Mar	110.50	......	106.00	......

Business done—Wheat: Sept. 95.65-95.55, Nov. 99.45-99.35, Jan. 103.30-103.20, Mar. 105.65-105.65, May 110.10-10.05. Sales: 136 lots of 100 tonnes. Barley: Sept. 91.75-91.60, Nov. 95.75-95.60, Jan. 99.45-99.35, Mar. 102.60-102.70, May 106.00-106.00. Sales: 243 lots of 100 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 2 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1680/1700	......	$1680/20
Copper			
Cas w'bar	£883	—6.5	£890.5
3 mths	£905.5	—7	£910.25
Cash Cathode	£861	—2	£860
3 mths	£882.0	—5.5	£887.5
Gold troy oz	$663.5	+3	$587
Lead Cash	£337.5	+9	£309.5
3 mnths	£346.75	+3.75	£315.5
Nickel	£3,248.35	......	£3,335.5
Freemkt (cif lb)	280/310c	+7.5	270/300c
Platin' mtr'y oz	£182.50	......	£189/185
Free mkt	£296.20	+1.25	£277.25
Quicksilver	$325/405	+5	$380/590
Silver troy oz	732.0p	+7.7	687.65p
3 mths	701.0p	+7.7	718.70p
Tin Cash	£7,360	+5	£7,570
3 mths	£7,250	—25	£7,330
Tungsten 22.04 lb	$139.82	......	$141.75
Wolfrm 22.04 lb	$145/146	......	$109/145
Zinc cash	£306.5	—2.5	£291.75
5 months	£319.25	+9.5	£303.75
Producers	$780	......	$780/825
Oils			
Coconut (Phil)	$632u-50u	—7.5	$625
Groundnut	‡	......	‡
Linseed Crude	£400z	......	£404
Palm Malayan	$545z	......	$567.50
Seeds			
Copra Philip	$435	......	$418
Soyabean (U.S.)	$291.0	+4.10	$263.95
Grains			
Barley Futures	£96.70	—0.25	£96.05
Maize			
French No3AM	‡	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No 2 Hard Wint	£95.90z	+0.50	‡
Eng. Milling t.	‡	......	‡
Other commodities			
Cocoa ship't	£1,116	+8	£1,160
Future Sept.	£1,060.5	+8	£1,110
Coffee F't Sept.	£1,484	—6	£1 745.5
Cotton A Index	85c	+0.85	85.25c
Rubber (kilo)	59.50p	......	59p
Sugar (Raw)	£310	—13	£310
Woolt'ps 64s kl.	290p kilo	......	284p kilo

u July-Aug. o June-July. w Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2 14 per cent Aug. 101.50, Sept. 102.60, Oct. 104.70, Nov. 109.30, Dec. 109.70 transhipment East Coast: U.S. Hard Winter 13½ per cent July 95.10 transhipment East Coast: English Feed fob Oct.-Dec. 103, Oct. 105.50 East Coast paid. Maize: French July 122 quoted transhipment East Coast: South African Yellow July-Aug. 80. Barley: English Feed fob Oct. 97.50, Oct.-Dec. 99.50, Dec. 100.75, Jan.-March 105.25 sellers East Coast. Rest unquoted.

RUBBER

The London physical market opened unchanged, with little interest throughout the day, closing on an idle note. Lewis and Peat reported a Malaysian godown price of 290 (291) cents a kg (buyer, July).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Aug	65.30-65.80	60.30-60.40	—
Sept	61.60-61.90	61.40-61.50	—
Oct-Dec	63.90-64.00	64.70-65.80	64.10-63.60
Jan-Mar	67.10-67.20	66.90-67.00	67.50-67.00
Apr-Jne	69.30-70.00	69.80-69.90	70.40-70.00
Jly-Sept	72.50-72.70	72.60-72.80	—
Oct-Dec	74.90-75.10	74.80-75.00	—
Jan-Mar	77.40-77.60	77.50-77.40	—
Apl-June	80.00-80.10	80.00-80.10	80.30-80.20

Sales: 83 at 15 tonnes, none at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.00p (same); Aug. 62.50p (same): Spot 63.25p.

*

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.50, codlings £3.00-£4.00; Medium haddock £4.00-£5.00, small £3.00; Medium plaice £6.00-£6.20, best small £4.00-£5.00; Skinned dogfish, medium £7.00; Lemon soles, large £7.50, medium £6.50.

SOYABEAN MEAL

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	106.70-07.4	+0.80	106.60
October	109.00-09.1	+0.50	109.10-08.60
December	112.30-12.5	+0.90	112.50-12.00
February	115.30-15.5	+1.0	115.50-15.20
April	117.00-17.5	+1.0	—
June	117.50-19.5	+0.50	—
August	118.00-20.5	—0.25	—

Sales: 66 lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £290.00 (£298.00) a tonne cif for July-Aug. shipment. White sugar daily price was £317.00 (£322.00).

NUMBER 2 CONTRACT—Close (in order buyer, seller only). Aug. 323.00, 323.50; Oct. 336.00, 36.25. Sales: 2,989.

Initial trades were some £2.00 lower than overnight levels and despite a minor rally the market remained on the defensive for the remainder of the day. Final prices were around the lows some £10.00 below Thursday's closing levels, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug	310.60-14.00	300.60-20.00	315.00-05.00
Oct	327.00-28.00	342.50-45.25	337.00-27.00
Jan	338.00-40.00	355.25-56.00	346.00-45.00
Mch	350.00-50.25	365.50-66.00	365.50-50.00
May	348.00-47.00	350.50-61.00	356.00-46.00
Aug	356.00-40.00	350.00-61.00	341.00-39.00
Oct	321.00-25.25	344.00-45.50	358.00-24.00

Sales: 5,495 lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.80 (same) a tonne for home trade and £403.00 (£419.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for July 3. Daily price 29.78 (31.17); 15-day average 31.67 (31.70).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 50 tonnes, bringing the total for the week to 150 tonnes, compared with 148 tonnes in the previous week. Although minor replenishment business was evident, the general attitude of users was to keep commitments very narrow. Small anticipatory interest was shown in certain African and South American styles.

POTATOES

LONDON POTATO FUTURES—The market was dull, with the main business coming from some weekend book-squaring. Prices remain steady with some reports of blight counteracting the bearish feeling induced by large yield expectations, reported Coley and Harper. Closing prices: Nov. 45.90 +10 (high 46.00, low 45.70); Feb. 52.80 unchanged (high 52.50, low 52.70); April 59.90 unchanged (high 59.90, low 59.90). Turnover: 21 lots of 40 tonnes.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 475.0, 476.0, 475.5-471.0, 110; Oct. 457.0, 458.0, 460.5-456.0, 66; Dec. 460.0, 460.5, 464.0-458.0, 135; Mar. 465.0, 466.0, 467.0-462.0, 99; May 466.5, 466.0, 468.0-467.0, 34; July 467.0, 470.0, 470.0-466.0, 44; Oct. 469.5, 472.0, 470.0-467.0, 23; Dec. 469.5, 472.0, 469.5-469.5, 4. Sales 515.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on July 4. GB—Cattle 78.27p per kg lw (—1.60). UK—Sheep 147.25p per kg est dcw (—4.80). GB—Pigs 87.46p per kg lw (—0.03).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Moroccan: 54/113's 3.60-4.00; Cypriot: Valencia Lates 3.60-4.50; Californian Sunkist: Valencia Lates 72/113's 4.50-5.80; Outspan: Navels 3.50-4.95. Lemons—Italian: 100/150s 4.50-5.50; Spania: Trays 25/45's 1.80-2.00, boxes 4.50-5.50; S. African: 0.00-7.00. Grapefruit—Outspan: 4.00-5.25; Taxan: Pink flesh 7.50-9.00. Apples—New Zealand: Sturmer Pippins 9.80, Granny Smith 9.60; Tasmanian: Sturmer Pippins 9.40-9.50, Crofton 11.50, King Cole 11.00-11.50; S. African: Golden Delicious 8.60-10.00, Granny Smith 9.60-9.80; Dutch: 22 lb Golden Delicious 2.50; French: 40 lb boxes, Golden Delicious 138/198's 7.00-9.00, 20 lb 4.30-4.80; Italian: Jonathans/Romes 40 lb 7.50-7.80. Peaches—Spanish: Yellow flesh 1.60-3.00; Italian: 1½ trays 2.60-4.50; French: 2.70-3.50; Greek: 3.40-3.50. Plums—Spanish: Red 1.50-1.60, Yellow 1.20-1.30, Gaviota trays 7 lb 1.30-2.00, Burbanko boxes 1.80-2.20. Apricots—Spanish: 2.60-3.30. Grapes—Per pound Californian: Perlette 0.90, Cardinal 0.80; Cypriot: Cardinal 0.80; Israeli: approx. 2 lb 5.40. Melons—Israeli: Galia 4.00; Spanish: Marina 5/6's 2.40, Ogen 3.00, Galia 3.00, Yellow 10 kg 7.60-9.00, 7 kg 5.00-5.50. Water-Melons—Israeli: 5.00, Spanish: 3.50-4.00. Bananas—Jamaican: 26 lb, per pound 0.17. Tomatoes—Dutch: 2.60-2.70; Guernsey: 2.20-2.80; Jersey: 2.60; French: 2.00. Onions—Spanish: 5.20-8.50; Taxan: 7.50. Potatoes—Cypriot: New crop 20 kg 4.20; Jersey: 4.40. Carrots—French: 22 lb 2.00, 26 lb 2.80; Italian: 2.20; Cypriot: 1.60. Beetroots—Cypriot: New crop approx. 28 lb 1.60. Cabbages—Dutch: White 2.30-2.50. Courgettes—French: Per pound 0.28-0.30. Capsicums—Dutch: 5.40; Italian: 4.00; Spanish: 3.80.

English Produce: Potatoes—Per bag, new 2.60-2.80. Mushrooms—Per pound 0.40-0.65. Apples—Per pound Bramley 0.13-0.20. Strawberries—English per ½-lb 0.10-0.20. Cabbages—Per bag 0.80-1.00. Cauliflowers—Per 12's English 3.50-4.50. Peas—Per pound 0.18-0.20. Broad Beans—Per pound 0.08. Beetroots—Per bag 2.20. Cucumbers—Trays 10/20's 1.70-2.00. Tomatoes—Per 12 lb 2.30-2.50. Lettuce—Per pound round 0.80-1.00, Cos 1.00, Webbs 1.00. Carrots—New crop 28 lb 2.40-3.30. Rhubarb—Per pound outdoor 0.06. Onions—Per bag 5.40-6.60. Celery—English 12/30's 2.80-3.00. Gooseberries—Per pound 0.12-0.15, Levellers 0.20-0.35. Cherries—Per pound 0.35-0.40. Marrows—Each 0.25-0.30.

INDICES

FINANCIAL TIMES

July 4	July 3	Mnth ago	Year ago
272.46	271.15	267.66	294.04

(Base: July 1, 1952=100)

MOODY'S

July 3	July 2	M'nth ago	Year ago
1188.5	1186.6	1181.7	1094.9

(December 31, 1931=100)

DOW JONES

Dow Jones	July 3	July 2	Month ago	Year ago
Spot	425.10	437.95	418.44	419.53
F'tur's	443.74	444.83	441.18	438.38

(Average 1924-25-26=100)

REUTERS

July 4	July 3	M'nth ago	Year ago
1690.4	1091.9	1673.0	1600.1

(Base: September 18, 1931=100)

Seaspeed takes more passengers

BRITISH RAIL'S Seaspeed hovercraft service between Dover and Boulogne and Calais carried 415,532 passengers in the first five months of 1980, 38.7 per cent more than in the corresponding period last year.

This compares with 31.5 per cent growth for all short-sea ferry services between England and France.

BOOKS

Tory charmer

BY C. P. SNOW

Balfour
by Max Egremont. Collins. £12.95, 391 pages

No one would be likely to claim today that Arthur James Balfour was a great, or even a particularly good, Prime Minister. And yet he was more esteemed, in some ways more loved, than any of the others from his uncle Salisbury down to Mrs. Thatcher. Somehow he had star quality, teasing star quality of the Greta Garbo kind, but admitted even by those who hated everything that he represented.

Lloyd George, not over susceptible to others' allure, had once described the memorial that Balfour left after him as like the scent on an old pocket handkerchief, but nevertheless talked of being introduced to Balfour as a young MP and being entranced by the elegance, the exquisite self-possession. The only man on whom he made no impression whatever was Henry Campbell Bannerman, who wasn't impressed by the high flower of any aristocracy and may have reflected that Balfour's grandfather was born no higher than his own.

What was the secret? A good many people have been fascinated by Balfour, and biographies keep appearing, including two excellent ones: Kenneth Young's in 1963, and Lord Egremont's here and now. They both tell a similar story, though Egremont has had access to documents and private traditions which Young had not, and has been able to carry some of the more domestic inquiries a little further. Anyway, they have both behaved as writers ought to have behaved, and don't always behave, that is, with cheerful generosity towards each other.

Neither can explain why Balfour was so wonderful or how in the medleys of all the companies which he sauntered unenergetically through, political, high society (which still existed in Britain, he being born in 1848), intellectual, Bohemian, he always shone and charmed. He was good looking in a limp fashion. He was clever, but not excessively so (the Cambridge opinion for three generations afterwards was that his younger brother, Frank, was much the brightest of the Balfours), he was witty, and when he chose to exert himself in the Commons could be a delicately scathing debater, as witness his demolition of Churchill in 1916. He was rich. He came into a fortune of over £1m, a very large one in the 1870s. He died with the properties financially embarrassed, which is so odd that Egremont might have spent more attention on the topic. However, everyone thought he was very rich. He was one of the best matches in Europe for half a century.

He never married. This was not for want of offers, some brutally direct in the 19th century dynastic fashion. He just was disinclined. Though some thought so, particularly the French, he was not a homosexual. In the crudest of senses he doesn't seem to have been sexual at all. He loved the company of women, liked the admiration of women, and was good at a devious kind of labyrinthine flirtatiousness. The women he was fondest of nearly all came from the group who were called the Souls. The Souls were aristocratic young Conservatives whose ostensible aim was to redeem their kind from charges of bovine philistinism and irredeemable stupidity. Many Souls were in fact very bright and their chief pleasure in the Soul houses was to meet similar people, listen to music and have amorous dalliance, usually gentle.

The Souls were nothing like so serious, politically or even about their amusements, as Holland House earlier in the century, or the Fabians in their own time. Perhaps they were the last bloom on an old aristocratic tree. But they had spirit, and the men died well in war.

Balfour's two major attachments among the Souls were Lady Desborough and Lady Elcho, of whom the latter was by far the more important to him. She was a very good character, lively, loving, intelligent, and theirs was as near a love affair as Balfour ever came. Kenneth Young, on the evidence in his possession thought that the affair was fully consummated. The new evidence suggests otherwise. Lady Elcho would have liked it to be. Her husband was given to adultery as a way of life, and she felt no qualms of conscience there. She was a wise and realistic woman.

Perhaps she went on hoping, but she decided that she was unlikely to get all she wanted out of Balfour. So she was ready to settle for what she could get, and that went on for 30 or 40 years. She loved him and revered him, but had no excessive respect. What she liked (apparently in the mornings) was a little "fun." "Fun" seems to have meant rompings, and smackings, with Balfour usually at the receiving end, in the beautiful rooms at Stanway.

They were doing their best with a difficult situation, and they went on being loving friends until old age. Anyone who feels morally superior to them doesn't know much about life.

He was one of the most singular of politicians. Yet he was a professional politician, liked office and even more disliked being out of office. Without him, the state of Israel might not have been set on its way so soon. That was one of the most uncharacteristic and impulsive actions of his life. As an elder statesman, he did surreptitious and valuable work on the Committee of Imperial Defence for many years. He didn't believe in much, but he did believe in the safety of his country. He wrote the best statement of cosmic pessimism in the language, quoted by Egremont as an Appendix. Still, his best memorial is the survival of the mirage-like legend of the man himself.

This review was written by Lord Snow before his death aged 74 last Tuesday. It completes a decade of regular weekly book reviews for the Financial Times Books Page.

Toffler's coming times

BY REX WINSBURY

The Third Wave
by Alvin Toffler. Collins, £8.95. 544 pages

If I remain sceptical about Toffler's latest thesis—that we are now witnessing the arrival of the "third wave" of civilisation following the agricultural era and the industrial era—it is in part because I find it difficult to identify a mere 20 years or so of human history with a new dawn, and partly because, being occupied in a small sector of that communications evolution on which Toffler pins his thesis, I do not think that it yet warrants such grandiose hopes. I must confess also that I find Toffler's strident rhetoric and frantic search for new clichés off-putting in themselves, as if to my perhaps over-sensitive European mind the ebullient Americanism of Toffler's style simply cannot convey historical truth.

But it is as if, having successfully piloted one new phrase into the English language, the author of *Future Shock* has sent in a whole new wave, not of civilisation, but of would-be-catch-phrases, such as "the electronic cottage," "Gandhi with satellites", "computers and marijuana", "prosumer lifestyles", "the global law factory", and many others, some quite striking in themselves but cumulatively just too much.

Mr. Toffler has drawn widely upon contemporary events and problems to show that we are witnessing the "demassification" of society, as a new culture of the minorities struggles to take over from the old monolithic models of politics and behaviour. To the extent that he is right, I would applaud. There is much in the book that is perceptive and provocative. But it ignores much of the counter-evidence, insists that certain trends are inevitable when they are at best possibilities that human beings could, if they wished, exploit. The author has a degree of technological determinism in his attitude which is hard to accept.

On the other hand, it is true that new systems and styles of communications do make it possible to evolve new forms of tribal behaviour and decision-making. Indeed have already done so. It will take many years to discover how far these changes will modify the fundamentals of industrial society (the era in which, I firmly believe, we still are). The emergence of new giant international communications corporations (massification) may or may not be balanced or outweighed by greater freedom of the individual to communicate what he will to whom he will (demassification).

If Mr. Toffler's book, despite its stridency and rhetoric, does something to popularise the issues, then fair enough. There is no doubting the vigour with which he writes, and it may be that which moves people, or at least captures their imagination.

Margaret Drabble—a new drawing by Judith de Beer

Fiction

Unruly jades

BY ISOBEL MURRAY

Setting the World on Fire
by Angus Wilson. Secker and Warburg, £6.50, 296 pages

Angus Wilson: Mimic and Moralist
by Peter Faulkner. Secker and Warburg. £6.95. 226 pages

The Middle Ground
by Margaret Drabble. Weidenfeld and Nicolson. £5.95. 248 pages

Setting the World on Fire is an exceptionally rich work, evading easy summary, or description. At its heart is a fabulous mansion. The house was designed in classical mode by Sir Robert Pratt, and then Vanbugh added a great baroque hall, with a striking ceiling depicting the story of Phaethon and his fall, which nearly set the world on fire.

The novel focuses on the family to which Tothill House belongs, and especially on the brothers Piers and Tom Mosson, who complement each other's qualities perfectly. Piers, called Van by his brother, loves the Great Hall, loves risk, excitement, magic and theatre. His theatrical ventures are central to the novel. It is characteristic of him to celebrate the tragic magnificence of Richard II or Phaethon, rather than to regret their falls. Tom seeks order and stability, afraid always of danger, chaos and horror. He prefers the older, more orderly beauty of the original house, and his brother calls him Pratt.

The novel is in three parts, opening out the lives of the brothers in 1948, 1956-7 and 1969. We see them first as little boys, Piers dancing for joy in the Great Hall and Tom crying in panic because the ceiling picture seems so threatening. The most basic theme of the book seems mirrored here, the inescapability of violence, the fragility of order, in public and private life.

The major part of the book concerns Piers and Tom on the brink of manhood. Already, Piers has a precocious triumph, with a school production of *Richard II*, and the suggestion is made that he should produce an opera of Phaethon in the Great Hall itself, which an ancestor had planned, but been unable to do.

Theatricality is central to the novel: Piers' doings are of course theatrical, but almost all the scenes and characters are deliberately dramatic, rising to pointed climaxes. Unmasking truth is a major concern, in unnerving, unfaltering dialogue. Grandmother Jackie, who was an American heiress, is too possessive of her son Hubert, and Piers is inadvertently the witness of a scene where Hubert's flamboyant, outrageous Italian fiancée Marina underlines Hubert's resultant sexual problems. It is Marina, too, who casually uncovers the "bourgeois Lesbian" quality of *the librarian's concern with her assistant.*

Wilson's satiric edge is keen particularly when Jackie and Hubert, themselves so fallible, sit in judgment on the boy's mother. Rosemary decides to make a long-standing love affair public, to a torrent of abuse, a denunciation of "filth," and the boys being asked to choose between their mother and the family house.

The Phaethon opera by Lully is eventually produced in 1969, when Piers is an established theatre director. The long anticipated first night is a triumph, and leads on to the production of another play in the Hall. Tom remains so vulnerable that he panics crossing a bridge over the Thames, while Piers embraces magnificence and rejects fear.

He also persistently rejects politics and public affairs throughout, and never makes the connection that Hubert makes to young Tom in the first chapter, that Phaethon is a terrible danger to the world, and that Hitler was the Phaethon of his time. The reader, however, is kept aware of threatening reality, with recurrent metaphors of cracking-ice and ominous flames. The centre of the novel is the relationship of the brothers, but the issues of national or international danger are finely put: the book is witty, complex and frightening, as well as beautifully written.

In his new study of Angus Wilson, Peter Faulkner quotes him as wanting to "pull off a book that is profligate and luxuriant, which people won't be lost in": I think he has succeeded. Faulkner's book will be a useful tool. It gives a chronological account of Wilson's work to date, putting evidence from his reviews, lectures or critical biographies alongside his fiction, showing his awareness of the technical possibilities, and his humanistic themes.

Margaret Drabble's new novel, *The Middle Ground*, is set in the present. It is concerned with the lives of a group of people in London in their early forties. The most important character is Kate Armstrong, divorcée, mother of two and journalist, with an area of expertise in the "woman problem" of recent years. She is at crisis point as the novel starts. She is at a cross roads because her job is limiting her, her children need her less and less, her long affair with a friend's husband is over, she has had an abortion. A series of hasty affairs has not helped, but she begins to improve when she retraces some scenes of her youth while planning a TV programme.

The centre of the novel is not theatrical, like Wilson's: it is relatively quiet and unstressed. Kate faces her life, rejects constricting patterns of her own and of society, and begins to feel better about it. And Kate is observed both with love and mockery in this witty and perceptive book.

That said, I found it uneven. Most of the narrative is through Kate's consciousness, but in the second half of the book we are shifted rather abruptly and for short periods to the consciousness of other characters. Margaret Drabble is quite open about it—a part of another character's story is given, "intended to provide a change of air, an interlude." But the uneasiness persists. And the mannerism of indulging in immensely long sentences at times gets in the way of enjoyment. But Margaret Drabble remains an author who deserves and demands attention.

Solzhenitsyn's 'non-silence'

BY ANTHONY ROBINSON

The Oak and the Calf, A Memoir
by Aleksandr I. Solzhenitsyn, translated from the Russian by Harry Willetts. Collins/Harvill *Press*, £8.95. 568 pages

Aleksandr Solzhenitsyn's life and work is for many a vindication of the belief that the truth told by the pen is mightier than the lie defended by the sword. Solzhenitsyn himself clearly believes this to be so and chose the Russian folk story about the Oak and the Calf to illustrate the moral behind his "sketches of literary life in the Soviet Union." In the Russian folk tale the butting of a determined calf eventually knocks down the deeply rooted oak.

That oak is the Soviet régime and the theme of this gripping saga is Solzhenitsyn's constant battle with the KGB and the Soviet literary establishment to write and publish "the many throated groan, the dying whisper of millions, the unspoken testament of those who perished."

It is the story of Solzhenitsyn the Gulag-hardened Zek as he sought with all the guile at his command to widen the breach in the wall of official silence and lies about the past opened up by Khrushchev's decision to publish his *Day in the Life of Ivan Denisovich*. It ends with Solzhenitsyn's enforced exile from the Soviet Union, the ultimate admission of defeat by a régime unable to silence a man whose smuggled words circulated in *samizdat* form throughout the Soviet Union and were published in the world at large.

In between lies a decade of feverish writing and research, the hiding and the photocopying of closely handwritten pages and above all, the growing realisation that each act of defiance, each refusal to compromise strengthened rather than weakened his position. By 1967, with *Gulag Archipelago* finally written and despatched, he saw *himself* as having achieved the role and status "of a man with extra-territorial rights and diplomatic immunity."

His sense of inviolability was re-inforced by bestowal of the Nobel Prize for literature in 1970:

"From my new height I could bowl book after book downhill, helped by the pull of gravity: the three volumes of *Gulag*, the 96-chapter *First Circle*, *Decembrists without December*, *Tanks Know the Truth*, my camp poem. . ."

The mind boggles at the sheer energy of the man and the discipline of long years in camps during which the books were formed and committed to memory. Anti-Soviet Solzhenitsyn certainly is—deeply, irrevocably, passionately. But in all this passionate conviction he is unmistakably heir to the great tradition of Russian literature and Russian writers. He shares their irrepressible urge to reveal and purge the ills of this long-suffering but talented people. No wonder that he proved more than a match for the time-servers and mediocre cultural bureaucrats.

One of the most fascinating threads running through this book is Solzhenitsyn's love-hate relationship with the Soviet literary magazine *Novy Mir* and its tormented editor Aleksandr Tvardovsky. *Novy Mir*, before its suppression was the Soviet Union's most "liberal" publication.

It was *Novy Mir* that first published *Ivan Denisovich* and Solzhenitsyn describes Tvardovsky as "a true editor, an editor unlike others . . . who yearns to discover new authors, as feverishly, passionately, as any prospector longs to find gold."

Having "discovered" Solzhenitsyn, however, Tvardovsky suffers agonies from his refusal to accept the kind of compromises which Tvardovsky himself is required to make in order to satisfy the cultural bureaucrats and politicians who lay down the rules. Solzhenitsyn's description of his various fights with Tvardovsky and the Writers Union provide fascinating insights into Soviet official cultural life.

In the end it was Solzhenitsyn who survived, with Tvardovsky, worn down by the grim guardians of orthodoxy surrounding him, succumbed to the demon vodka and death.

The price of survival, however, was exile, that tearing away from those Russian roots which formed the well-spring of his talent. In the event he has continued to pour out his stored-up writings of a lifetime from his new home in Vermont. But this was not at all clear as he stepped bewildered from the plane which flew him to Frankfurt under KGB guard:

"All my life I had been tortured by the impossibility of speaking the truth aloud. My whole life had been spent in hacking my way to an open space where I could tell the truth in public. Now at last I was free . . . no gag was poised above my head and dozens of microphones belonging to the world's most important Press agencies were held out towards my lips. Say something . . . but inside me something had snapped . . . I suddenly felt I would demean myself if I indulged in abuse from a distance."

Finally, he said simply: "I shall be silent for a while." But silence is not the Solzhenitsyn forte and reading *The Oak and the Calf*, admirably translated, provides a vital clue to understanding the well-spring of a human and artistic force pitted against the defenders of a ruthless but frightened faith.

Flexible Steel

BY MALCOLM RUTHERFORD

A House Divided: The Lib-Lab Pact and the Future of British Politics
by David Steel. Weidenfeld Nicolson, £6.50. 200 pages

Mr. David Steel, the leader of the Liberal Party, wants power, or at least a share in it. In this he differs from a large section of his party and from the great majority of Liberal voters, who want protest—whether radical or genteel.

In 1977 he came close to achieving his ambition. The *Labour Government* was in danger of falling. It was saved by what became known as the Lib-Lab pact. Mr. Steel, although he does not say so in this book, had visions of the Liberal Party winning 20-30 English seats in the next Parliament as a result. In fact, the party scarcely held its own. The party activists spent their time quarrelling about whether there should be a Lib-Lab pact at all. The rest of the country seems to have taken little notice.

Mr. Steel claims that the pact at least temporarily tamed the Labour Party. There were no further attempts at nationalisation while the pact lasted. *That is true*, *but it* was not because of the pact. There was no majority for nationalisation in Parliament. Without the pact, the Government would almost certainly have fallen. With the pact, it survived by doing nothing very much. There is a strong case for saying that inactivity is one of the better ways of governing, but it is not the case that Mr. Steel puts.

Mr. Steel is also reticent about his failure to exploit the pact to the Liberal Party's advantage. The fact was that the Labour Government was desperate to stay in office. Towards the end of the Parliament it was ready to do almost any sort of deal with the Welsh Nationalists or the Ulster Unionists. The Government would have been ready to pay a price for Liberal support, but Mr. Steel did not push. He regarded Government concessions on a profit-sharing scheme in industry as a major breakthrough for Liberal policy, but the impact on the party, let alone on the country, was minimal.

The biggest prize was meant to be proportional representation in the elections to the European Parliament, but even that was missed. Mr. Steel secured the private support of Mr. James Callaghan, the Prime Minister, but failed to ensure that the Prime Minister could commit the Parliamentary Labour Party. As he says in this book, it was not so much a Lib-Lab pact *as* a Steel-Callaghan pact. Even at that level he failed to press Mr. Callaghan as much as he might have done.

The Prime Minister was certainly willing. One of the most interesting insights in the book is into the way that Mr. Callaghan cultivated Mr. Steel. "Why don't you *come* and see *me* more often?" the PM is several times quoted as saying. He told Mr. Steel that he wanted to play the next election as "the leader of a Left-wing party heading towards the centre." He needed *a good size Liberal* vote and perhaps Liberal support in the next Parliament, which could well be hung. Was Mr. Steel, Mr. Callaghan would ask, seeing Mrs. Thatcher? Sir John Hunt, the then Cabinet Secretary, seems to have been remarkably active in seeking to keep the pact going.

Mr. Steel listened *and took* notes, but scarcely realised the power that was within his grasp. Why did he not press for a referendum on PR, not just for the European elections, straight *away*? *Instead the idea* was left until the pact was almost dead.

There is also a strong implication in this book that Mr. Steel is not much interested in politics. His eyes would glaze over, he *writes*, when *he* was consulted on such matters as the international monetary system. Nor is there any compelling reason why he is a Liberal. What he wants is reasonable government by reasonable people. Few readers would *dissent from* that except to ask what it means.

If that sounds ungracious, it is not meant to. Mr. Steel is not alone in looking for a realignment in British politics. A revealing sidelight of his book is how long he has been in contact with Mr. Roy Jenkins who is now playing with the same idea. They co-operated on the reform of the abortion law, on the European referendum and on direct elections to the European Parliament. One cannot help thinking, however, that it is all rather peripheral. Does Mr. Steel have any ideas?

Until he has, many people will continue to vote Liberal merely to send a *signal* to one *or* other of the *two* major parties. It is at least useful to have some way of making a protest vote.

Water ways

BY DAVID FREUD

The Sea-craft of Prehistory
by Paul Johnstone. Routledge and Kegan Paul. £13.50, 260 pages

Water provided the main means of transport until the industrial revolution, yet it is only in the last few decades that systematic study of ancient sea and river craft has been undertaken. Paul Johnstone here makes a rapid review for the layman of the evidence—much of its uncovered only recently—of how the early boats developed round the world. His aim is to present facts rather than theory, and he keeps hypothesis to the minimum that the still sketchy level of findings allows.

The original boats were made from reeds, logs, barks and skins, from dugouts which developed into plankbuilt craft. Perhaps the most interesting revelation from such a wide-ranging survey is the variety of construction methods used in the same place, together with the similarity of boat building techniques of societies separated by thousands of miles and hundreds of years.

But, although the bulk of the book is devoted to Europe, the clear masters of the sea were the citizens of the Pacific. The *outrigger canoes* of the Ladrones, for example, cut through the waves at more than 20 miles an hour, while the huge navy of the Chinese had clear priority over the West in the use of magnetic compass, hinged stern-post rudder and multiple masts, "to say nothing of water-tight bulkheads and free-flooding compartments."

هكذا من الأصل

German shares close mixed

LEADING SHARES closed the week mixed on lower turnover as the recent high foreign demand from OPEC countries slackened. The Commerzbank Index rose 0.40 points to 737.90.

AEG was again at the centre of trading interest, closing up DM 3.5 at DM 91 after a day's high of DM 91.50.

Autos were mixed, with **Daimler** remaining firm, up DM 2.00, while **VW** shed DM 13.50, ex-DM 10 dividend.

At the options table, prices were steady on slightly lower turnover, with activity concentrating on six month calls for **Chrysler, Phillips** and **Kloeckner**.

On the domestic bond market, public authority loans were somewhat firmer and the Bundesbank sold DM 12.3m net of paper after sales of DM 16m on Thursday. Deutschmark Eurobonds were generally firmer.

Hoechst gained DM 0.30 in otherwise lower Chemicals, while Banks were *firmer*, **Deutsche** *up* DM 1.60.

Most Engineerings fell back from recent highs, with **Linde** down DM 1.40, although ***Deutsche Babcock*** recovered from earlier lows, closing DM 5 higher at DM 200.00.

Canada

Markets were advancing in active trading at *midday*

The Toronto Composite Index was up 8.5 to 2128.7. Metals and *Minerals* were up 9.9 to 1981.1 and 0.7 and Gas up 31 to 5034.7.

Gains outnumbered Losses 218 to 129.

Oils were higher as **Hudson's Bay Oil** rose C$½ to C$35½, **Petrofina Canada** C$1½ to C$58, **Gulf Canada** C$½ to C$35½, **Husky Oil** C$½ to C$17½ and **Shell Canada** C$½ to C$25½.

Base Metals were also on the upside. **Hollinger-Argus "A"** gained C$1½ to C$59½. *Falconbridge Nickel* C$1 to C$105 and **Brunswick Mining** C$½ to C$12½.

Wall Street was closed yesterday for Independence Day

The Montreal Composite Index was up 1.35 at 359.97. Industrials were up 2.67 to 391.81.

Australia

Shale oil stocks featured on news that Esso exploration will pay A$400m for its 50 per cent share in the Rundle project.

Although profit taking pared gains resulting from heavy early overseas buying, **Central Pacific** rose A$2 to A$72, affiliate **Southern Pacific** A$1 to A$27, **Greenvale** 80 cents to A$5.20 and **Esperance** 50 cents to A$5.30.

Bridge Oil's announcement that the Glen Foslyn No. 1 Well in the *Surat Basin was flowing* 181,000 cubic metres of gas disappointed the market, and **Bridge** fell 10 cents to A$3.90.

Mareeba Mining firmed 25 cents to A$2.45 on news of a rise in ore reserves at the company's Dianne copper mine in North Queensland, while **CN Gold** rose 20 cents *to* A$11.50, **Yamgas** 20 cents to A$6.50, **Consolidated Gold** 10 cents to A$7.50 and **Griffin Gold** A$2 to A$15.

Among industrials **BHP** closed unchanged *at* A$15.15, ***John Holland*** rose 10 cents to A2.90, and **SA Gas** 40 cents to A$5.80.

Pioneer Sugar continued its upward trend, adding 10 cents to A$3.65.

Tokyo

Share prices closed lower after late profit taking pared an early gain in active trading.

The Nikkei-Dow Jones average fell 17.75 to close at 6,846.09, on volume of 430m shares. The Tokyo SE index closed at 470.47, down 0.31.

Oils and non-ferrous metals, which rallied yesterday, led the fall on profit taking with **Nippon Oil** falling Y80 to Y1,650, **Teikoku Oil** Y30 to Y1,120 and **Dow Mining** Y15 to Y507.

Vehicles continued to ease, reflecting growing overseas criticism of Japanese car Exports and a June decline in new domestic vehicle registrations.

Nissan Motor fell Y6 to Y662, **Toyota Motor** Y8 to Y720 and **Honda Motor** Y6 to Y552. Export-orientated electricals also closed lower.

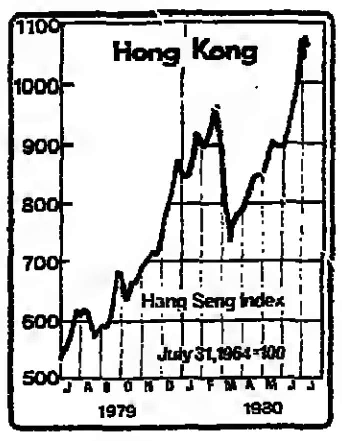
The second market was higher on volume of 6.5m shares.

Hong Kong

The market fell on profit-taking following yesterday's sharp advance.

The Hang Seng index rose 3.53 points at one stage in the morning session, before profit-taking took the index down 10.03 points on the day to close at 1,057.19.

Against the market trend, **Hutchison Whampoa** gained 25 cents to close at HK$9.70 and **Jardine Matheson** 20 cents to HK$18.30.



Among market leaders, **Cheung Kong** lost 20 cents to finish at HK$16, **Hong Kong Land** 40 cents to HK$13.80, **Hong Kong Bank** 10 cents to HK$16.10 and **Hong Kong Wharf** HK$1 to HK$79.

Elsewhere, **Hang Lung** fell 20 cents to close at HK$10.80, **Hong Kong Hotels** 50 cents to HK$40.50 and **Sun Hung Kai** properties 20 cents to HK$13.40. Tokyo SE index closed at 470.47, cism of Japanese car exports

Brussels

The market was generally firmer in moderate trading.

Electrobel, Traction, Unerg, Wagons Lits, UCS, and **Tessenderloo** rose.

Amsterdam

The market was firmer, with **Unilever** gaining Fl 2, **Royal Dutch** Fl 1.30, but **KLM** losing Fl 1 in Dutch internationals.

ABN rose Fl 3 in firmer banks and **Robeco** closed Fl 1.50 up in investment *funds*. In insurances, **AMEV** gained Fl 2.1 and **Ennia** gained Fl 1. **Bos Kalis** picked up Fl 1.50 in constructions. **Pakhoed** fell Fl 1.

In publishers, **Elsevier** rose Fl 2 and **VNU** Fl 3.30, while in sharply lower mortgage banks, **FGH** fell Fl 4 and **WUH** Fl 6. *State loans were quietly steady* to higher.

Switzerland

In active trading led by chemicals prices closed firmer.

Oerlikon-Buehrle rose slightly, as did **Landis GYR. Schindler** bearer continued to rise in mostly firmer financials, but **Interfood** fell.

Insurances closed higher where changed, except **Zurich** *bearer, which lost ground.*

Foreign and domestic bonds closed firmer in higher trading.

Paris

Prices firmed generally in moderate trading. Most sectors showed modest gains, with foods, stores and electricals among the leaders.

In oils, **Elf-Aquitaine** gained FFr 39 to FFr 1,295. **Esso** was FFr 16.9 higher at FFr 307.9 and **CFP** up FFr 2 to FFr 2¼.

Public services went against the trend, easing slightly, while metals and hotels were mixed.

Johannesburg

Gold shares rose in fairly active trading, but gains were not as sharp as earlier in the week.

FSG rose R1.75 to R75.5 ahead of interim figures, while **President Steyn** gained R1.25 to R49.5 and **President Brand** R100 to R56.

Stock Exchange dealings

Thursday, July 3	22,555
Wednesday, July 2	22,725
Tuesday, July 1	22,212
Monday, June 30	22,505
Friday, June 27	23,816
Thursday, June 26	21,899

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest markings recorded during the previous five business days. These are distinguished by the dates shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ◆ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (636)

PUBLIC BOARDS (13)

COMMONWEALTH GOVTS. (2)

COMMONWEALTH CORPS.

FOREIGN STOCKS (3)

BANKS (132)

BREWERIES (114)

CORPORATIONS (24)

Bristol 13¾pc 98¾ (30/6)
Camden Var. Rate 98½ (27/6)
Cardiff City 11pc 93½
Cardiff Cop. 7pc 68¾ (30/6)
Croydon 6¾pc 90½ (27/6)
Dunbarton 9½pc 95½ (27/6)
Derby 13¼pc 98¾ 49.64ths (30/6)
Glasgow 9¼pc 99½
Grampian 10¼pc 93½
Greenwich 1¼pc 97¼
Hertfordshire 8½pc 76¼ (30/6) 6¾pc 75 (30/6)
Islington 12½pc 9¼ (30/6). 13¾pc 98½
Kensington Chelsea 11¾pc 95 (1/7)
Lanarkshire CC 6pc 97½◆
Liverpool Cron. 5½pc 25 (7/6). 9¾pc 88½ (2/7)

Whitbread Investment (25p) 143 2 (27/6)
Wolverhampton and Dudley Breweries (25p) 183◆ New Ord (25p) 185◆
Young and Co.'s Brewery A Ord. (50p) 173 (2/7). Non V. Ord. (50p) 125◆. 9pcPf. 99 (1/7)

COMMERCIAL (1,888)

A—B

A.A.H (25p) 138 (1/7)
A.B. Electronics Products Grp. (25p) 168 (27/6)

Brook Street Bureau of Mayfair (10p) 59½
Brooke Bond Liebig (25p) 59½◆ 59½◆ 9½ 9 59½. 7¾pcLn. 57¼◆
Brooke Tool Engineering (Hldgs.) (25p) 56 (30/6)
Brown and Jackson (20p) 124◆. New Ord. (20p) 109 pm
Brown and Tawse (25p) 131◆
Brown Boveri Kent (Hldgs.) (25p) 26
Brown Bros. Corpn. (10p) 27½◆. 6½pc Ln. 60½◆
Brown (John) (25p) 42
Brown (N.) Invests. (20p) 3

C—D

E—F

Fothergill Harvey (25p) 125◆ ¼◆
Francis Industries (25p) 85 4
Francis Parker (10p) 18½ 18 (27/6)
Freemans (London S.W.9) (25p) 115
French Kier Hldgs. (25p) 38
Friedland Doggart Grp. (25p) 97 (30/6)

G—H

GEI Int. (20p) 69◆
G.R. (Hldgs.) (25p) 200 (2/7)
Garford-Lilley Ind. (5p) 12½ (30/6)
Garnar Scotblair (25p) 73½ ½ (1/7)

I—J—K

L—M

M.D.W. Hldgs. (25p) 49
MFI Furniture Grp. (10p) 50◆ 49½◆ 50 8 9½
M.K. Electric Hldgs. (25p) 164◆ 71 68
M.Y. Dart (10p) 33½◆ 4½
Macanie (London) (10p) 24
Macarthys Pharmaceuticals (20p) 101 (1/7)
McCleery L'Amie Grp. (25p) 18 (30/6)
McCorquodale (50p) 95 (2/7)
Mackay (Hugh) (25p) 35◆
McKechnie Bros. (25p) 92 (30/6)
Macpherson (Donald) Grp. (25p) 72
Magnet Southerns (25p) 173 70 5
Mallinson-Denny (25p) 51½◆ 2. 4.2pcPf 40 (1/7)
Manders (Hldgs.) (25p) 148
Manganese Bronze Hldgs. (25p) 30 1 (1/7)
Manor National Grp. Motors (20p) 17¼◆ 16◆
Maple 10½pcLn. 68 (1/7)
Mappin Webb 5pcPf. 35 (27/6)
Marchwiel (25p) 89 (1/7)
Marks and Spencer (25p) 90◆ 88½◆ 8 7 9 90 88½ 7½. 7pcPf. 51 (1/7)
Marley (25p) 66◆ 5◆ 6
Marshalls Cavendish (10p) 25◆
Marshalls (Halifax) (25p) 177◆. 10pcPf. 68½ (1/7)
Marshall's Universal (25p) 70 (2/7)
Martin (A.) Hldgs. (20p) 35 (2/7)
Martin The Newsagent (25p) 162 (1/7)
Martonair Intnl. (20p) 198 5 (27/6)
Massey-Ferguson NPV 265 (30/6)
Matthews (B.) (25p) 193◆
Maxim's (25p) 450◆ (30/6)
May and Hassell (25p) 61 5 (2/7)
Maynards (25p) 129
Medminster (10p) 28 (27/6)
Meggitt Hldgs. (5p) 16◆
Mellins (5p) 9¼◆
Menzies (J.) (Hldgs.) (25p) 242½ 3½ (2/7)
Metal Box 292◆ 88. 10½pcLn. 79¾ (1/7)
Metal Closures (25p) 93
Metalrax (Hldgs.) (5p) 59◆
Mettoy (25p) 22◆. Dfd. (25p) 13◆
Meyer (M.L.) (25p) 85½◆ 7◆. 7¾pcPfd. (30p) 14 (30/6). 8pcPf. 46 (30/6)
Midland Indusis. (5p) 86 (2/7)
Miller (F.) (Textiles) (10p) 42½ (30/6)
Miller (S.) Hldgs. (10p) 11 (30/6)
Mining Supplies (10p) 105 (2/7)
Mitchell Cotts Group (25p) 41½◆ 3 2. 13pcLn. 88 (30/6)
Mitchell Somers (10p) 58½◆
Mixconcrete (Hldgs.) (25p) 73 5 (1/7)
Modern Engineers of Bristol (Hldgs.) (25p) 26 (27/6)
Molins (25p) 95 (30/6)
Monk (A.) and Co. (25p) 270
Monsanto Co. £22 (1/7)
Monsanto 6½pcLn. 49 (1/7). 5pcLn. 82-66 90 (1/7)
Montfort (Knitting Mills) (25p) 76
Morgan Crucible (25p) 145 7 (2/7)
Morrison (Wm.) Supermarkets (10p) 135
Moss Engineering Group (25p) 94 (2/7)
Mothercare (10p) 232

N—O—P

Q—R—S

T—U—V

W—Y—Z

ELECTRIC LIGHT

FINANCIAL TRUSTS (64)

Hutton (E. F.) Grp. ($US1) £12⅛ (2/7)
Inchcape 406◆ 7 5 3
Lloyds Scottish (20p) 149 52
London Associated Inv. Tst. (10p) 8¼ (2/7)
London European Grp. (10p) 29 (1/7). 10½pcLn. 65½
M and G Grp. (Hldgs.) (5p) 132◆
Manson Finance Tst. (20p) 34◆
Martin (R. P.) (5p) 43½ (27/6)
Mercantile House Hldgs. (25p) 248
Mills Allen (Inter. (50p) 275 (1/7). Red. 1stPf. 1984 (90p) 80½ (30/6)
Moorgate Mercantile Hldgs. (10p) 19◆ 16◆
N.M.C. Inv. (12½p) 17 (2/7)

GAS (16)

INSURANCE (110)

INVESTMENT TRUSTS (21)

Trustees Corp. (25p) 83½ (1/7)
United British Secs. Tst. (25p) 130
United States Deb. Corp. (25p) 98
Viking Resources Tst. (25p) 117. New (25p) 116 (2/7)
West Coast Texas Reg. Inv. Tst. (10p) 86 (27/6)
Winterbottom Tst. (25p) 228 (1/7)
Witan Inv. (25p) 99 (1/7)
Young Cos. Inv. Tst. 104½ (1/7). Wrnts. 24½◆

UNIT TRUSTS (4)

M. G. American Gen. Fund Inc. Units 52
M. G. Conversion Tst. Fund Growth Units 702½ (30/6)

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Premier Cons. ...	5p	10	105	− 4	109	89½
Brit. Home Strs. 9% Cn.Un.Ln. '92	Nil/pd	9	14pm	+ 3	14pm	[illegible]
GEC	25p	9	428	+10	434	326
Commercial Un.	25p	8	158	+ 4	160	125
RTZ	25p	8	465	+18	485	327
Tricentrol	25p	8	382	−12	414	250
Royal Insurance	25p	7	390	+ 3	395	307
Scot. & Newcastle	20p	7	67	+ 3	67	52½
Turner & Newall	£1	7	121	+ 5	142	90
Unilever	25p	7	495	+15	495	388
BAT Inds.	25p	6	278	+ 5	278	223
Beecham	25p	6	155	+10	156	108
European Ferries	25p	6	182	+ 4½	182	98
Glaxo	50p	6	238	− 2	260	182
ICI	£1	6	388	—	402	348

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1980 high	1980 low
LASMO	25p	61	790	− 2	830	337
Premier Cons. ...	5p	56	105	+ 4	109	89½
European Ferries	25p	52	182	+18	182	98
GEC	25p	44	428	+24	434	326
Shell Transport..	25p	41	406	+ 4	410	314
RTZ	25p	38	465	+42	485	327
ICI	£1	37	388	+ 6	402	348
Unilever	25p	37	495	+30	495	388
BAT Inds.	25p	35	278	+25	278	223
Plessey	50p	35	191	+10	192	106
Cons. Gold Fields	25p	34	560	+38	567	385
Tricentrol	25p	34	382	−18	414	250
I.C. Gas	£1	33	900	+26	906	583
Royal Insurance	25p	33	390	+28	395	307
BP	25p	32	374*	—	412	320

* Prices at suspension

Management game final

BY MICHAEL DIXON

TEAMS FROM Shell UK, Samuel Montagu, Rank UK, and IMI are to compete in the final of the national management championship game sponsored by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales.

The CBI and the Institute of Directors are associate sponsors.

Each team is already assured of a share in the £4,250 prize money, to be presented by the Duke of Kent after the final in London on July 23 and 24.

The final of the Plate competition for teams knocked out of the championship in the first round, will be contested by Friends Provident, Advance Linen and Touche Ross, on July 10. This subsidiary competition carries prize money of £1,500.

MINES

Australian (31)

Miscellaneous (93)

Rhodesian (3)

South African (68)

West African (1)

Diamond (7)

OIL (267)

CANALS (8)

WATERWORKS (6)

PROPERTY (78)

RUBBER (5)

UK RAILWAYS (1)

FOREIGN RAILWAYS

SHIPPING (37)

TEA

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange

JULY 3

JULY 2

JULY 1

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

* Denotes Irish currency.

JULY 3

JULY 2

JULY 1

JUNE 30

JUNE 27

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

* Denotes Irish currency.

JULY 3

JULY 2

JULY 1

JUNE 30

JUNE 27

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	14	½-year	1,000	1

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Aid to Thrift	10.85	11.37	—	—
Alliance	10.25	10.50	11.75	12.50 5 yrs., 11.75 3 mths.
Anglia	10.25	10.50	11.75	13.00 6 yrs., 12.50 5 yrs.
Bradford and Bingley	10.25	10.50	11.75	11.25 one month's notice deposit
Bridgwater	10.25	10.50	12.00	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Bristol and West	10.25	10.50	11.75	—
Bristol Economic	10.25	10.50	11.75	10.75 3 months
Britannia	10.25	10.50	11.75	12.50 5 yrs., 11.25 3 months' notice
Burnley	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Cardiff	10.50	11.50	12.50	—
Catholic	10.05	10.75	11.65	— Share a/cs 10.95 over £5,000
Chelsea	10.25	10.50	11.75	12.50 6 yrs., 12.00 4 yrs., 11.55 6 mths.
Cheltenham and Gloucester	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Cheltenham and Gloucester	—	11.50	—	— Premium shares including 1.00 bonus p.s. (£15,000 or £20,000)
Citizens Regency	10.25	10.85	12.05	12.85 5 yrs., 12.35 4 yrs., 11.85 3 yrs.
City of London (The)	10.50	10.80	11.80	12.00 Capital City shares—4 mth. not.
Coventry Economic	10.25	10.50	11.75	12.00 4 yr., 11.5 3 yr., 11.25 3 mth. not.
Coventry Provident	10.25	10.50	12.50	12.55 av. 5 yrs., 12 4 yrs., 11.25 3 m.n.
Derbyshire	10.25	10.50	11.75	11.10 3 months' notice
Ealing and Acton	10.25	11.00	—	11.65 2 years, £2,000 minimum
Gateway	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Greenwich	—	10.75	12.00	12.75 5 yrs., 12.25 4 yrs., 11.75 3 yrs.
Guardian	10.25	10.75	—	12.25 6 mths. not., 11.75 3 mths. not. min. £1,000
Halifax	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Heart of England	10.25	10.50	11.75	12.50 5 yrs., 11.00 3 mths. notice
Hearts of Oak and Enfield	10.25	10.75	12.25	12.00 4 yrs., 11.75 3 yrs., 11.50 2 yrs.
Hendon	10.50	11.00	—	12.00 6 months, minimum £2,000
Huddersfield and Bradford	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Lambeth	10.25	10.75	12.50	12.50 5 yrs., withdrawals aft. 18 mths.
Leamington Spa	10.35	10.60	14.19	12.55 5 yrs., 12.30 4 yrs., 11.90 3 yrs.
Leeds Permanent	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Leicester	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Liverpool	10.25	10.50	11.95	12.50 5 years, minimum £1,000
Melton Mowbray	10.35	10.60	11.75	12.10 4 yrs., 11.35 2 yrs.
Mornington	10.75	11.25	—	—
National Counties	10.50	10.80	11.80	11.90 6 mth., 11.35 3 mth., min. £1,000
Nationwide	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
New Cross	11.00	11.25	—	11.25-12.50—on share accs. depending on min. balance over 6 mths.
Northern Rock	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Norwich	10.25	10.50	12.00	11.50 3 yrs., 11.25 2 yrs., min. £500
Paddington	10.00	11.00	12.50	11.75 6 months, 11.50 3 months
Peckham Mutual	10.50	11.00	—	—
Portman	10.25	10.50	11.75	12.50 5 yrs., 11.55 6 months' notice
Property Owners	10.25	11.00	12.25	12.50 av. 4 yrs., 12 6 mth., 11.55 3 mth.
Provincial	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Skipton	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Sussex County	10.50	10.75	12.55	12.55 5 yrs., 12.15 4 yrs., 11.75 3 yrs.
Sussex Mutual	10.50	10.85	12.50	11.25-13.10 all with special options
Town and Country	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Walthamstow	10.25	10.60	11.75	13.60 5 yrs., 11.6 6 mth. not. min. £500
Wessex	10.50	11.20	—	12.20 6 mth. not. WDL min. 3 yrs.
Woolwich	10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.

*Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK MONEY MARKET

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

The Treasury bill rate fell by 0.9397 per cent at yesterday's tender to 14.7404 per cent, and the minimum accepted bid rose to £96.325 from £96.085. Bids at that level were met as to about 31 per cent and above in full. *The £300m bills on offer attracted* bids of £1,389.715m, and all bills offered were allotted. Next week a further £300m will be on offer, replacing a similar amount of maturities.

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance on an exceptionally large scale. This *comprised small purchases of* Treasury bills from banks and a small number of corporation bills from discount houses. The help was made up with an exceptionally large amount lent to 10 or 11 houses at MLR for repayment on Monday. The market was faced with the unwinding of a previous sale and repurchase agreement on a large number of bills, and a 30 per cent *call on Exchequer 13½ per* cent 1990-94. Funds were also drained in respect of gilt sales. On the other hand the market was helped by an exceptional amount in respect of the latest repurchase and sale agreement.

In the interbank market weekend money opened at 15½-16½ per cent and rose to 25 per cent before coming back to 18 per *cent at the close.*

EXCHANGES AND BULLION

Trading was quiet ahead of the weekend in currency markets yesterday. U.S. centres were closed for a national holiday which also dampened trading. Sterling rose on a trade weighted basis, with dealers suggesting that Thursday's decline after the cut in MLR was probably overdone. Sterling's index on a trade weighted basis rose to 74.1 from 73.9, having stood at 74.0 at noon and 73.9 in the morning. Against the dollar it opened at $2.3485-2.3495, and slipped to $2.3460 before coming back to $2.3500. Late commercial demand pushed up the rate to a high of $2.3610, and it closed at $2.3575-$2.3595, a rise of 90 points from Thursday.

The dollar was slightly weaker overall, closing at DM 1.7525 against the D-mark compared with DM 1.7555, and SwFr 1.6080 against SwFr 1.6225. The U.S. unit closed at Y219.0 against the Japanese yen compared with Y219.0. On Bank of England figures, the dollar's trade weighted index finished at 83.2 compared with 83.3 on Thursday.

The Canadian dollar showed a firmer tendency after better than expected trade figures, and was *quoted at 87.53½ U.S. cents,* up from 87.43½ previously.

Gold closed $3 an ounce higher for spot delivery in the London bullion market yesterday at $665-668, in very quiet trading.

THE POUND SPOT AND FORWARD

July 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U S	2.3460-2.3610	2.3575-2.3595	1.45-1.35c pm	7.12	3.87-3.77 pm	6.48
Canada	2.6830-2.6960	2.6930-2.6960	1.04-0.94c pm	4.41	3.08-2.98 pm	4.50
Nethlnd.	4.49½-4.53	4.51½-4.52½	2⅞-1⅞c pm	6.30	6⅞-5⅞ pm	5.53
Belgium	65.80-66.20	66.05-66.20	20-10c pm	2.72	45-35 pm	2.42
Denmark	12.76-12.81	12.79½-12.81	1-2½ore dis	−1.64	6½-7½ dis	−2.19
Ireland	1.0980-1.1005	1.0990-1.1000	0.06-0.15p dis	−1.14	0.29-0.38dis	−1.22
W. Ger.	4.11-4.14	4.12⅞-4.13⅞	3-2pf pm	7.26	7¼-6¼ pm	8.41
Portugal	114.50-115.20	114.90-115.20	par-25c dis	−1.30	20pm-80dis	−1.04
Spain	164.50-165.55	165.35-165.55	60-115c dis	−6.35	190-260dis	−5.44
Italy	1968-1977	1973-1977	12-16lire dis	−8.51	31-35 dis	−6.78
Norway	11.32-11.39½	11.38-11.39½	7¼-5¼ore pm	6.72	16¾-15 pm	5.58
France	9.53-9.60	9.58½-9.59½	4¼-3¼c pm	4.69	9¼-8¼ pm	3.65
Sweden	9.71½-9.76¾	9.75½-9.76¾	3-1½ore pm	3.00	4½-2½ pm	1.51
Japan	514-517	516-517	1.60-1.35y pm	3.43	4.60-4.35 pm	3.46
Austria	29.20-29.40	29.30-29.35	17-13gro pm	6.14	41-34 pm	5.11
Switz.	3.77-3.81	3.78⅞-3.79⅞	4-3c pm	11.07	10¼-9¼ pm	10.41

Belgian rate is for convertible francs. Financial franc 66.55-66.65. Six-month forward dollar 5.85-5.80c pm. 12-month 8.15-8.05c pm.

GOLD

	July 4		July 3	
Gold Bullion (fine ounce)				
Close	$665-668	(£282-283½)	$662-665	(£282¼-283¾)
Opening	$668-671	(£284¼-285½)	$668-671	(£283½-284¾)
Morning fixing	$668.50	(£284.105)	$664.50	(£281.161)
Afternoon fixing	$666.50	(£283.015)	$663.50	(£283.244)
Gold Coins				
Krugerrand	$686-688	(£291-285)	$684½-680½	(£201¼-283¾)
Mapleleaf	$683-686	(£289-202)	$682½-684½	(£290-202)
New Sovereigns	$169-170	(£71½-72½)	$168½-169½	(£71½-72½)
King Sovs.	$100-192	(£80½-82½)	$188-100	(£80-82)
Victoria Sovs.	$190-182	(£80½-82½)	$188-190	(£80-82)
French 20s	$164-167		$162½-165½	
50 pesos Mexico	$822-826		$818-823	
100 Cor. Austria	$675-680		$649-654	
$20 Eagles	$764-768		$760-765	
$10 Eagles	—		—	
$5 Eagles	—		—	

EXCHANGE CROSS RATES

July 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.358	4.134	516.5	9.590	3.794	4.523	1975.	2.695	66.13
U.S. Dollar	0.424	1.	1.753	219.0	4.066	1.609	1.918	837.4	1.142	28.04
Deutschemark	0.242	0.571	1.	124.8	2.320	0.918	1.094	477.8	0.652	16.00
Japanese Yen 1,000	1.936	4.566	8.005	1000.	18.57	7.345	8.750	3824.	5.217	128.0
French Franc 10	1.043	2.459	4.310	538.6	10.	3.956	4.710	2058.	2.810	68.89
Swiss Franc	0.264	0.622	1.090	136.1	2.528	1.	1.192	520.5	0.710	17.43
Dutch Guilder	0.221	0.522	0.914	114.2	2.121	0.839	1.	436.7	0.596	14.62
Italian Lira 1,000	0.506	1.194	2.093	261.5	4.856	1.921	2.290	1000.	1.364	33.48
Canadian Dollar	0.371	0.875	1.534	191.7	3.550	1.408	1.678	733.0	1.	24.54
Belgian Franc 100	1.512	3.567	6.251	781.1	14.50	5.737	6.838	2987.	4.075	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 4)

3 month U.S. dollars		6 month U.S. dollars	
bid 8 1/4	offer 9 3/8	bid 9 5/8	offer 9 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

LONDON MONEY RATES

July 4 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over night	—	16¼-80	—	—	—	—	16-16	—	—	—
2 days notice	—	—	16⅜-16¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17	16½-16¾	—	17½	17⅛-17½	10⅞-16	—	—	—
One month	16½-15⅝	16⅝-10⅜	16½-16¾	17½-17⅜	17⅛	17⅝-17⅛	15¾	14⅞	10⅜	16⅞
Two months	10⅞-10⅞	10¼ 16⅝	—	17-17½	10¾	—	15½	14⅞	15⅞	16¼
Three months	15⅞-15⅞	15⅞-16⅞	15¾-10	15¾-16¼	16¼	17-17¼	15	14¾	15⅞	16¾
Six months	14¾-14⅝	14¾-15	14⅞-15	14½-14⅓	10¼	10½	—	—	13¾	14½
Nine months	16⅞-15⅞	14¼-14⅝	—	14⅝ 14⅞	14⅝	15½	—	—	—	—
One Year	13⅞-13⅞	13¾-13⅞	13⅞	13⅞-14⅛	14½	15	—	—	—	—
Two years	—	—	13¾-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾-13⅞ per cent; four years 13¾-13⅞ per cent; five years 13¾-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¾ per cent; four-month trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14⅞ per cent; three-months 14¾ per cent. Approximate selling rates for one-month bank bills 16½ per cent; two-months 15⅞ per cent; three-months 15¾ per cent; one-month trade bills 16¾ per cent; two-months 10 per cent and three-months 15½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7404 per cent.

CURRENCY MOVEMENTS

July 4	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.1	—
U.S. dollar	80.2	—
Canadian dollar	82.1	—
Austrian schilling	157.3	—
Belgian franc	116.1	—
Danish kroner	107.0	—
Deutsche mark	156.1	—
Swiss franc	200.2	—
Guilder	126.2	—
French franc	102.3	—
Lira	52.8	—
Yen	128.3	—

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	—	0-9¼	11-13	10⅜-10⅝	5½-6	8⅝-9¾	12⅛-18⅝	15-26	9⅞-8⅞	12¾-13¼
7 days' notice	16⅞-16⅞	8-8¼	11-13	10⅝-10⅝	5-5½	8⅝ 8¾	10⅞-10⅝	17-05	0⅞-0¼	12¾-13¼
Month	10⅝-16⅞	8½-8¾	12¼-12⅝	10⅜-10⅝	6⅜-6⅞	8⅝-0½	18⅞-12⅞	81-85	8⅞-8⅞	12⅞-13⅞
Three months	15⅞-16⅞	0⅛ 9⅜	11⅛-11⅝	10⅜-10⅝	5⅜-5⅛	9⅞-9⅞	12⅞-12⅞	21-25	8⅞-9⅞	18⅞-12¼
Six months	14¾-14⅞	0⅞-9⅞	10⅝-11	10⅛-10⅝	6⅞-5⅝	8½-8½	18⅞-12⅞	19-21	8¼-8⅝	10⅞-11⅞
One Year	15¾-15⅞	8⅞-9⅞	10½-10⅞	10⅛ 10⅝	0⅛-5⅛	8¼-8⅝	12⅞-18⅞	18-20	9⅞-8⅞	0⅝-9⅛

Long-term Eurodollar two years 10½-10¾ per cent; three years 10⅝-10⅞ per cent; four years 10¾-11 per cent; five years 10⅞-11⅛ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.00-8.10 per cent; three-months 9.00-9.10 per cent; six-months 8.88-8.98 per cent; one year 9.00-9.15 per cent.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2384	+1.13	+0.73	±1.53
Danish Krone	7.72336	7.78859	+0.85	+0.45	±1.64
German D-Mark	2.48208	2.51330	+1.26	+0.86	±1.125
French Franc	5.84700	5.83453	−0.21	−0.61	±1.3557
Dutch Guilder	2.74362	2.75334	+0.36	−0.05	±1.512
Irish Punt	0.668201	0.669675	+0.22	−0.18	±1.668
Italian Lira	1157.79	1201.99	+3.82	+2.38	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

July 4	£	$		£ Note Rates
Argentina Peso	4358-4378	1856-1853	Austria	29.15-29.45
Australia Dollar	2.0310-2.0350	0.8630-0.8635	Belgium	66.05-66.65
Brazil Cruzeiro	128.20-123.20	52.115-52.315	Denmark	12.72-12.81
Finland Markka	8.61-8.53	3.6210-3.6230	France	9.50-9.57
Greek Drachma	99.718-102.157	42.60-48.75	Germany	4.10½-4.14½
Hong Kong Dollar	11.07-11.59	4.0195-4.8325	Italy	1020-1976
Iran Rial	n a	n a	Japan	515-520
Kuwait Dinar(KD)	0.624-0.630	0.2666-0.2667	Netherlands	4.49-4.53
Luxembourg Frc.	66.05-66.20	28.02-08.04	Norway	11.30-11.40
Malaysia Dollar	5.0325-6.0425	2.1395-2.1415	Portugal	110-114
New Zealand Dlr.	2.3810-2.3860	1.0115-1.0125	Spain	109¾-1001½
Saudi Arab. Riyal	7.79-7.85	3.3275-3.3305	Sweden	9.69-0.77
Singapore Dollar	4.9725-4.9825	2.1140-2.1160	Switzerland	3.78-3.81
Sth. African Rand	1.8115-1.8125	0.7680-0.7685	United States	2.352-2.301
U.A.E. Dirham	8.67-8.73	3.7000-3.7030	Yugoslavia	101½-56

Rate given for Argentina is free rate.

U.K. CONVERTIBLE STOCKS 4/7/80

Statistics provided by dataSTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.▽	Cheap(+) Dear(−)◇ Current
Bank of Ireland 10pc Cv. 91-96	1.20	142.00	47.6	77-81	7.2	5.2	− 9.6	−13 to −7	0.0	9.5	6.0	+15.7
British Land 12pc Cv. 2002	7.71	274.00	333.3	80-97	4.4	2.2	− 6.6	− 7 to 6	0.0	89.7	30.6	+37.2
Hanson Trust 6½pc Cv. 88-93	3.02	91.00	57.1	76-81	7.3	7.8	− 2.9	−10 to −2	3.1	3.2	0.1	+ 3.0
Slough Estates 10pc Cv. 87-90	5.44	238.00	137.5	78-86	4.2		− 4.6	− 5 to 2	36.1	39.6	1.5	+ 6.0
Slough Estates 8pc Cv. 91-94	24.68	119.00	78.0	80-91	6.7	5.7	14.7	15 to 22	26.4	47.8	20.7	+ 5.9
Ultramar 7pc Net R.Cv.Pfd.	12.59	3.85	1.1	76-81	2.6		− 2.1	− 4 to 6	11.5	9.6	− 0.5	+ 1.7
Wilkinson Match 10pc Cv. 84-98	11.10	71.50	40.0	76-83	14.0	14.5	13.1	13 to 63	15.0	24.7	15.4	+ 2.3

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ▽ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

Continuing strong response to lower interest rates
Gilt taps exhausted and 30-share closes at 1980 peak

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
June 18	June 26	June 27	July 7
June 30	July 10	July 11	July 21
July 14	July 24	July 25	Aug. 4

* "New time" dealings may take place from 9 am two business days earlier.

London stock markets yesterday continued to respond cheerfully to the previous day's unexpected cut of a point to 16 per cent in Minimum Lending Rate. Undeterred by Thursday's biggest rise in equity values for over 15 months or by gains of over a point in Gilt-edged securities, investment buyers pushed both sectors further ahead.

GEC's spirited second-half profits performance had a particularly stirring effect on the Electrical sector and was a strong influence on leading shares as a whole. Overall equity trade was the busiest for some considerable time and increased selling was readily absorbed with buyers prepared to pay still higher prices to obtain stock. Reflecting this, the FT 30-share index improved steadily to stand 5.0 up at 1.00 pm before softening to close a net 3.7 higher for a two-day advance of 20.2 to 483.8—its highest since October 8 last year.

Oils provided the one sector to move against the trend: this followed Esso's petrol price cut combined with thoughts that any share exchange offer proposed by British Petroleum to acquire Selection Trust could lead to a surfeit of BP shares. Dealings in BP, Selection Trust and Charter Consolidated were suspended at 9.30 pm yesterday pending an announcement. The main clearing banks, easier on Thursday anticipating base rate reductions, all rallied a shade after the announcements.

Investment response to the authorities' first tentative step towards lower interest rates was extremely heavy. Both remaining tap stocks were exhausted, the near-medium Exchequer 12¼ per cent 1985 "A" at 40 3/16 and the special low-coupon Treasury 3 per cent 1985 at 69¼. The announcement at the official close of even further funding, £800m of Treasury 12 per cent 1987 to be issued next Wednesday by tender with £20 payable on application, came as a surprise.

Longer-dated stocks were up around ½ before easing towards the close. The shorts turned more volatile and were unable to hold Thursday's enhanced levels through stock indigestion and closed with contrasting movements ranging from losses of ⅛ to gains of ⅜. Enlargement of the temporary facilities available to the banking system for the sale and repurchase of Gilt-edged securities had no apparent effect on sentiment, but consideration of the proposed new tap stock saw longer quotations easing further in the late evening.

Demand for Traded options continued to improve and a total of 2,874 contracts were completed for a week's daily average of 1,918—the highest so far this year. Among the more active issues, GEC and Commercial Union attracted 342 and 297 deals respectively.

Insurances good again

Firm conditions prevailed among Insurances, Pearl, 380p, and Hambro Life, 243p, both adding 10 and Equity and Law rising 6 to 258p. Composites had Sun Alliance 12 higher at 694p.

A few pence easier on Thursday in anticipation of a cut in base rates, the subsequent announcements of a 1 per cent reduction from 17 per cent to 16 per cent made no apparent impression on the major clearers. NatWest recorded a gain of 7 at 365p and Lloyds one of 6 at 324p.

Breweries continued to attract good support. Whitbread were outstanding, rising 10 to 170p, while Bass, 235p, and Allied, 87½p, rose 5 and 2 respectively. Still buoyed by annual profits in excess of market expectations, Scottish and Newcastle improved 3 for a two-day gain of 10½ to 67p. Regional issues also found buyers with Greene King 2 better at 198p on further consideration of the increased full-year earnings, while Youngs advanced 10 to 180p; the latter's annual meeting is to be held next Tuesday. Interest was seen for Distillers, 5 up at 208p, but other Wines and Spirits traded quietly.

Building issues enjoyed a firm and active day's trading with Blue Circle rising 8 to 358p and Tarmac adding 6 to 262p. Taylor Woodrow firmed 9 to 422p, Costain 6 to 168p and Wimpey 4 to 73½p. Hopes of reduced mortgage rates in the near future lifted Laing 5 to 48p and Barratt Developments 7 to 111p. Down 10 on Thursday on the interim loss, Gough Cooper rallied 2 to 64p. Among Timbers, James Latham stayed at 117p despite lower preliminary profits and gloomy remarks about current trading.

Trading volume in ICI was significantly reduced and the price held at the overnight level of 388p. Other Chemicals attracted fresh support, Fisons improving 4 to 257p and Laporte 2 to 103p.

Greenfields please

Business in Stores was much reduced from the previous day's levels and, although an easier trend was noted towards the close, most ended a shade firmer. GUS "A," up 8 on Thursday, added 2 more at 434p, while British Home gained 4 to 150p. House of Fraser rallied 3 to 130p. Annual results from Greenfields Leisure were deemed satisfactory and the shares rose 2½ to 43½p. In Shoes, Press comment helped Headlam Sims and Coggins, 3 dearer at 41p.

Stimulated afresh by the good results from GEC, the Electrical leaders attracted a brisk two-way trade which left final quotations without much alteration on balance. GEC, however, advanced further to 434p before settling at 428p for a gain of 10 on the day. Demand was also forthcoming for selected secondary issues. Bowthorpe advanced 10 to 140p and Chloride 6 to 49p. On the other hand, renewed selling left Muirhead 6 cheaper at 102p.

Following Thursday's late upward flurry, some of the Engineering leaders edged a little higher with Tubes improving 4 more to 264p and Hawker 2 further to 216p. Selective demand was also evident in secondary issues. Assisted by Press mention buying interest revived in Anderson Strathclyde which advanced 9 to 93p. B. Elliott, a dull market of late, rallied 10 to 248p, while Blackwood Hodge stood out with a gain of 7 at 49p.

Buyers continued to make their presence felt in Foods where Rowntree Mackintosh were outstanding at 170p, up 6. British Sugar added 4 more to 244p and Associated British Foods firmed 3 to 103p. Supermarkets had Bejam 4 higher at 80p and Kwik Save 5 to the good at 119p; but J. Sainsbury closed a couple of pence cheaper on balance at 403p, after 408p. Lennons eased a penny to 36p on disappointing preliminary results.

Hay's Wharf above worst

News of the bid terms, 240p cash per share, from the Kuwait Investment Office were well below recent market expectations and prompted a sharp reaction in Hay's Wharf which fell to the bid level before rallying to finish 11 down on balance at 253p; the offer has been rejected by Hay's Wharf as inadequate. Elsewhere in miscellaneous industrials, speculative demand left Jardine Matheson 25 to the good at 183p, after 185p, while revived bid hopes pushed Johnson Matthey up 23 to 398p. Granada were supported and gained 9 to 184p, while Ropner continued to benefit from the recent good results and improved 6 more to 104p. Helped by Press mention, Dobson Park gained 7 to 126p. Rises of around 6 were marked against Chubb, 113p, Dalgety, 280p, and Extel, 162p. In contrast, Sutcliffe Speakman eased 2 to 38p on the annual pre-tax loss and the passing of the dividend. Leading issues to make fresh headway included Beecham, 10 up at 135p, and Turner and Newall, 5 to the good at 121p.

Motor sectors were featured by perennial takeover favourite Henlys which attracted speculative buying and closed 17 up at 85p. Other Distributors displayed an irregular appearance. Harold Perry, 63p, and Lex Service, 74p both added a couple of pence but Caffyns eased 3 to 110p, while the interim loss continued to overshadow Glanfield Lawrence, 2 down for a fall on the week of 10 at 33p. Among Components, Dowty rallied 12 to 210p, but Dunlop encountered profit-taking and shed 3 to 77p.

Support was maintained for certain Property issues. Stock Conversion firmed 8 to 445p and Hammerson A 15 to 475p. Interest was also shown in Warner Estates, 7 higher at 285p and Percy Bilton, 6 to the good at 200p. Town and City, up 1½ at 20½p, reflected satisfaction with the preliminary announcement.

Secondary Oils weaken

Unsettled partly by Esso's reduction of 2p per gallon in its price of petrol, exploration issues in the Oil sector took a distinct turn for the worse in the late afternoon. Candecca, a particularly speculative counter earlier in the week, fell sharply to 206p, down 40p, while Clyde dipped 35 to 590p and Attock 18 to 282p. Lasmo weakened 30 to 790p and Sovereign 10 to 280p. Among the leaders, Shell held at 406p, while dealings were temporarily suspended in BP, at 374p, pending details of the group's bid for Selection Trust.

In Overseas Traders, Warren Plantations moved up 7 to 185p following the announcement of the acquisition of 8.5 per cent of the equity. S. and W. Berisford also added 7, to 163p.

Among firmer Textiles, Nottingham Manufacturing, interim results due later this month, rose 5 to 97p. Tootal, 28½p and Hollas, 77p both added a few pence.

In Tobaccos, Bats attracted increased investment support and improved 5 more to 278p. Imperial, interim results next Thursday, picked up 2 at 87p.

Profit-taking in Mines

Australian mining and oil and gas issues ended a week of hectic trading and, in some cases, spectacular rises, on a quieter note with most recent "high-flyers" coming under pressure from large-scale profit-taking.

This week's big movers included the Strata/Haoma/North West Mining group, the Rundle twins and Greenvale Mining/Esperance Minerals. Strata touched a peak 114p on Wednesday but fell 3 yesterday to 100p. Haoma slipped 2 to 190p, after a record 202p on Thursday and North West gave up 10 at 152p.

Greenvale, which soared 120p to 280p on Thursday, dropped 55 to 225p yesterday but held a gain of 85 on the week. Esperance fell 35 to 255p.

South African Golds closed the week on a steady note, as the bullion price edged up $3 more to $666.50 an ounce for a week's gain of $29.

The market remained quietly firm throughout the day lacking impetus owing to the closure of U.S. markets and the absence of any significant Johannesburg interest. The Gold Mines index rose 2.2 to 360.6, up 10.9 on the week.

Financials made good progress. General Mining Union Corporation (Gencor) closed unaltered at 930p. The London issues surged ahead on a mixture of vague bid hopes, the recent strength of gold and the firmness of copper prices in the wake of the U.S. copper workers' strike.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
Com. Union	130	31	10	38	—	43	8	160p
Com. Union	140	21	41	29	9	35	7	"
Com. Union	160	6	70	15	125	21	33	"
Cons. Gold	460	108	—	135	2	145	10	561p
Cons. Gold	500	68	5	102	2	115	—	"
Cons. Gold	550	26	88	62	24	78	8	"
Courtaulds	60	25	—	89	6	31	1	84p
Courtaulds	70	15	18	19	34	81½	8	"
Courtaulds	80	5½	183	18	35	15	5	"
Courtaulds	90	1½	12	7	36	9½	26	"
GEC	330	104	—	118	6	138	—	432p
GEC	360	74	5	90	35	106	2	"
GEC	390	44	95	62	10	82	—	"
GEC	420	16	185	40	61	58	5	"
Grand Met.	130	34	—	38	—	41½	8	165p
Grand Met.	140	24	15	29	20	35	—	"
Grand Met.	160	8½	124	19	372	24	5	"
ICI	330	59	19	69	—	78	—	386p
ICI	360	29	2	41	—	64	—	"
ICI	390	8	59	21	5	35	—	"
ICI	420	1	—	9	6	—	—	"
Land Secs.	275	71	35	82	2	—	—	341p
Land Secs.	323	22	4	42	2	54	—	"
Land Secs.	353	6	131	24	12	36	4	"
Marks & Sp.	80	12½	-	17	8	19	—	91p
Marks & Sp.	90	3½	95	10	17	13	3	"
Marks & Sp.	100	1½	—	6	26	9	5	"
Shell	360	48	20	58	—	68	—	407p
Shell	390	20	59	56	—	48	—	"
Shell	420	4	23	22	56	32	2	"
Totals			1,120		905		125	
		August		November		February		
Imperial Gp.	70	19	—	20	2	22	—	87p
Imperial Gp.	80	9	95	11	14	14	—	"
Imperial Gp.	90	8½	18	6	45	8	37	"
Lonrho	80	25	—	29	1	31	--	103p
Lonrho	90	17	—	22	5	25	—	"
Lonrho	100	11	28	16½	83	19	—	"
Lonrho	110	6	5	10	21	14	—	"
P. & O.	100	24½	—	28½	—	29½	1	120p
P. & O.	110	15	—	20	1	22½	—	"
P. & O.	120	6½	--	14	6	17	6	"
Racal Elec.	220	46	--	61	5	69	—	264p
Racal Elec.	240	30	8	44	—	65	—	"
Racal Elec.	260	16	37	30	3	43	—	"
Racal Elec.	280	7	—	20	6	31	—	"
RTZ	330	140	1	160	—	—	--	464p
RTZ	390	80	10	105	22	133	2	"
RTZ	420	55	65	80	1	97	—	"
RTZ	460	32	69	49	110	—	—	"
RTZ	500	14	18	—	—	—	—	"
Totals			553		325		48	

FINANCIAL TIMES STOCK INDICES

	July 4	July 3	July 2	July 1	June 30	June 27	A year ago
Government Secs.	69.97	69.82	69.50	69.09	69.12	69.33	[illegible]
Fixed Interest	71.17	71.02	70.81	70.75	70.70	70.84	[illegible]
Industrial	483.8	480.1	463.6	461.4	464.8	463.5	[illegible]
Gold Mines	360.6	358.4	361.4	354.7	355.5	349.7	[illegible]
Ord. Div. Yield	7.50	7.50	7.76	7.80	7.72	7.73	[illegible]
Earnings, Yld. % (full)	17.98	18.13	18.76	18.86	18.66	18.68	[illegible]
P/E Ratio (net) (*)	6.76	6.71	7.76	6.45	6.52	6.51	[illegible]
Total bargains	28,161	22,558	22,725	22,212	23,505	23,816	—
Equity turnover £m.	—	169.78	825.39	123.70	116.86	184.77	75.67
Equity bargains total	—	18,492	16,408	18,134	17,988	19,101	[illegible]

10 am 482.8. 11 am 482.9. Noon 484.2. 1 pm 486.1. 2 pm 484.8. 3 pm 484.2.

Latest index 01-246 8026.

*Nil=6.29.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	70.53 (20/6)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	71.17 (4/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	483.8 (4/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.8 (22/2)	266.0 (18/3)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

	July 4	July 3
—Daily		
Gilt Edged	128.6	[illegible]
Industrials	153.4	117.[illegible]
Speculative	46.4	[illegible]
Totals	101.9	[illegible]
5-day Avge.		
Gilt Edged	121.5	119.[illegible]
Industrials	127.8	[illegible]
Speculative	57.8	[illegible]
Totals	89.3	[illegible]

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	58	22	10	253	114	[illegible]
Corpns. Dom. and Foreign Bonds	25	—	41	34	40	[illegible]
Industrials	517	89	789	1,383	1,072	[illegible]
Financial and Prop.	329	18	150	923	314	[illegible]
Oils	11	23	19	94	80	[illegible]
Plantations	7	2	17	21	20	[illegible]
Mines	82	44	62	320	480	[illegible]
Others	68	23	62	234	185	[illegible]
Totals	1,068	221	1,150	3,312	2,008	[illegible]

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jul. 7	Jul. 18	Oct. 9	Oct. 20
Jul. 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov 17

For rate indications see end of Share Information Service

Stocks dealt in for the call included Ladbroke, Tebbitt, Turner and Newall, Imperial Continental Gas, Grand Metropolitan, Lonrho, Premier Oil, KCA, Ratners (Jewellers), Cawoods, Carrington Viyella, Scottish and Newcastle, Hampton Industries, Howard Machinery, Berkeley Exploration, BSR, Charterhall, Inter-City, Offshore Oil, and Mallinson-Denny. Puts were done in Rustenburg Platinum, Shell and Hay's Wharf, while doubles were arranged in Premier Oil, Courtaulds, Cons. Gold Fields, Highland Distilleries and Wilkinson Match.

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (335)

BRITISH FUNDS (12)
CORPORATION LOANS (6)
LOANS (1)
AMERICANS (3)
CANADIANS (1)
BANKS (5)
BEERS (9)
BUILDINGS (15)
CHEMICALS (3)
DRAPERY & STORES (2)
ELECTRICALS (13)
ENGINEERING (12)
FOODS (5)
HOTELS (2)
INDUSTRIALS (34)
INSURANCE (21)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (3)
PAPER (1)
PROPERTY (11)
SHIPPING (3)
TEXTILES (3)
TOBACCOS (2)
TRUSTS (148)
OIL & GAS (5)
OVERSEAS TRADERS (3)
MINES (6)

NEW LOWS (15)

ELECTRICALS (1)
Muirhead
ENGINEERING (1)
Ratcliffs (G.B.)
HOTELS (1)
Wheeler's
INDUSTRIALS (4)
Rodfearn Glass — UKO Intnl.
Raiyon — Uniflex
LEISURE (1)
Redif. TV Prof.
MOTORS (4)
Caffyns — Nelson David
Glanfield Lawrence — Tate of Leeds
NEWSPAPERS (1)
Int. Thomson
MINES (2)
South Crofty — Nemardon

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
55	F.P.	20/6	90	74	Home Farm Prods 10p	90	+2	b2.9	2.5	4.6	12.3
—	F.P.	—	9	5	††Jenkin & Purser	8¼	......	—	—	—	—
85	F.P.	27/6	91	79	Oakwood Group	81	+1	b6.5	2.4	11.6	6.8
100	F.P.	27/6	110	91	Peerless	92	......	b6.3	8.8	9.8	4.6
18½	F.P.	—	27½	18¾	Tebbitt 10p	87½	+½	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
‖	Nil	—	£14pm	£3½pm	British Home Stores 9% Cnv. Ln. '98	£14pm	+5
**	F.P.	23/5	101	85	Cowie (T.) 10½% Conv. Red. Cum. Pref.	95	......
100	F.P.	—	100½	100	Daiei 8½% Conv. Bds. due 1995	100	......
*	F.P.	4/9	103	101⅞	Folkstone & District Water 10pc Pref. '85	103	+¼
**	F.P.	—	67½	63½	London & Midland Inds 8½ pc Deb. '89-94	67½	......
*	F.P.	4/9	105	101⅞	North Surrey Water 10pc Pref. 1985	105	+½
*	£10	—	12¾	11½	South Staff. Water 9¼% Rd. Pf. '86	12¾	+½

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p	+ or −
103	Nil	—	—	20pm	18pm	Astbury & Madeley	16pm	......
132	Nil	—	—	23pm	14pm	Berisford (S. & W.)	83pm	+3
115	F.P.	4/7	1/8	139	124	Brown & Jackson	124	......

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST PRICE INDICES

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Amer. Gth. Tst.	49.8	52.7	+0.8	1.90
Abbey Capital	39.9	43.2	+1.2	4.84
Abbey General	61.9	66.1	+2.7	5.55
Abbey Gilt & F.I. Tst.	109.6	115.4	+0.8	9.30
Abbey Income	46.5	50.3	+0.8	8.02
Abbey Intl. Bd. Tst.	96.0	101.6	+0.6	5.41
Abbey Inv. Tst. Fnd.	42.2	45.6	+1.0	5.60
Equitas Prog. Trust	75.7	81.8	+2.9	5.48

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref	89.1	93.9	----	11.93

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	83.7	89.4	+2.0	5.92
Brit. Inds. Fund	73.3	78.4	+1.7	6.13
Growth & Income	45.0	48.2	+1.1	5.77
Elect. & Ind. Dev.	40.5	43.3	+1.1	5.46
Allied Capital	85.5	91.5	+2.3	5.08
Hambro Fund	125.4	134.2	+2.9	6.47
Hambro Acc. Fund	158.7	169.8	+4.3	5.30

Income Funds

High Yield Fd.	66.8	71.5	+1.0	10.16
High Income	74.6	79.8	+1.6	7.64
A. H. Eq. Inc.	43.8	46.9	+0.9	7.74
Govt. Secs.	25.5	26.2	+1.2	[illegible]

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	74.1	79.7	----	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	61.6	65.0	+0.2	4.27

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4991

American	24.5	26.5	+0.5	1.36
Extnd Interest	26.0	28.9	+0.1	12.77
Growth + Income	31.9	33.9	+0.8	7.48
Special Sits.	32.4	34.9	+0.7	2.15

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	30.2	32.4	----	2.07
Accum. Units	37.0	39.8	----	2.07
J. Finlay High Income	33.3	35.8	----	10.07
J. Finlay Euro Fin.	21.0	22.6	----	4.07
Accum. Units	26.2	28.2	----	4.07
J. Finlay Fd. in Tst.	35.1	37.7	----	5.51
Accum. Units	43.3	46.6	----	5.51

Prices on July 2. Next dealing July 9.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American June 30	52.6	56.2	----	1.17
Am. T'around June 30	50.4	54.2	----	2.29
Capital Tst.	54.0	58.4	+0.9	5.46
(Accum. Units)	55.6	59.4	+0.8	5.46
Extra Income Trust	50.2	53.6	+1.2	10.56
Income Tst.	37.3	40.4	+0.6	8.50
Int. Growth Fd.	46.2	49.2	+1.0	2.30
(Accum. Units)	49.6	52.6	+1.2	2.30

Friends' Provdt. Unit Tst. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	55.8	59.6	+1.4	4.68
Do. Accum.	78.6	84.0	+2.0	4.68

Funds in Court
Public Trustee, Kingsway, WC2. 01-405 4300

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

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Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	23	......	—	—	—
24	12	ACM 20c	20	+1	—	—	—
105	52½	Bond Corp.	103	–2	b02.8c	2.3	1.4
156	88	Bougainvile I Kina	138	–5	[illegible]	1.0	10.4
245	195	BH South 50c	230	......	—	—	—
25	11½	Canada Northwest	22	[illegible]	—	—	—
42	8	Carr Boyd 20c	33	[illegible]	—	—	—
[illegible]	[illegible]	Central Pacific	[illegible]	–2	—	—	—
356	230	Conzinc Riotinto 50c	274	–2	Q15c	2.1	2.8
41	27	Cultus Pacific N.L.	39	–1	—	—	—
52	25	Eagle Corp. 10c	45	......	—	—	—

Tins

Copper

Miscellaneous

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	130	–5	—	—	—
97	52	Barymin	54	+2	—	—	—
17	12	Burma Mines 10p	14½	......	0.62	1.3	6.2
502	309	Cons. Murch. 10c.	340xd	......	MQ100c	1.8	16.6
180	120	††Hemerdon 10c.	120	–5	—	—	—
565	325	Northgate C$1	415	......	—	—	—
485	327	R.T.Z.	465	+29	15.0	3.2	4.6
33	16	Robert Mines	24	+1	—	—	—
53	26	Sabina Inds. C$1	27	–1½	—	—	—
51	44	††SWCM 10p	50	+2	—	—	—
650	411	Tara Expln. $1	443	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –	Irish	Price	+ or –
Albany Inv. 20p	33	......	Conv. 9% '80/82	£91½	+⅛
Bertam	16	......	Nat. 9¾% 84/89	£77⅝	+½
Bdg'wtr. Est. 50p	415	......	Fin. 13% 97/02	£91¼	+⅛
Clover Croft	60	......	Alliance Gas	48	......
Craig & Rose £1	£30½	......	Arnott	305	......
Fife Forge	32½	......	Carroll (P.J.)	54	......
Finlay Pkg. 5p	18	......	Clondalkin	116	–1
Graig Ship. £1	£27	+2	Concrete Prods.	70	......
Higsons Brew	77	+2	Heiton (Hldgs.)	32	......
Holt (Jos) 25p	250	......	Ins. Corp.	245	......
I.O.M. Stm. £1	150	......	Irish Ropes	45	......
Pearce (C. H.)	455	......	Jacob	32	......
Peel Mills	40	......	T.M.G.	57	–3
Sheff. Refrshmt.	103	......	Unidare	80	......
Sindall (Wm.)	143	......			

OPTIONS
3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps."	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	30	Ladbroke	15	Brit. Land	7
Beecham	20	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	1
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	22
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	3	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	33
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	16	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	25	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

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FINANCIAL TIMES

Saturday July 5 1980

MAN OF THE WEEK

Looking after Auntie

BY ARTHUR SANDLES

PERHAPS the sighs of relief and approval which come from the corridors of Broadcasting House at the announcement that Mr. George Howard is to he chairman of the Governors were a little premature. Howard, a 60 year old of ample proportions and a colourful taste in clothes, could prove to he a rougher and tougher man at the top than they think. The joy in the BBC ranks is due to the fact that their new chairman, owner of Castle Howard and present President of the Historic Houses Association, has been a Governor since 1972 and is by no stretch of the imagination the power hungry outsider that had been feared.

Howard faces awesome problems at the BBC. The Corporation is in an ever deepening cash crisis: its television services are about to be attacked by a new commercial channel: new technology is likely to bedevil labour relations: and politicians are increasingly sensitive to the Corporation's editorial attitudes.

Already he appears to be picking up his cudgels with refreshing determination. He pours contempt on politicians who "take it as received wisdom" that the public will not stand what the BBC regards as proper increases in the licence fee.

Withstanding interventionist and *financial pressures will*, he thinks, he his major task. "We have a uniquely valuable instrument in the BBC. People do not realise how valuable. Foreigners are astonished at the high quality of what we put out. The independence of broadcasting must he maintained."

His physical image belies the man beneath. His extraordinary clothes, ("the great revolution of the sixties was wonderful. It liberated people to the kind of clothes they can wear"), and considerable size disguises someone who chooses his words carefully and yet is articulate and verbally nimble. His business ability has turned the family home into a self-supporting commercial activity without de-

George Howard

"The independence of broadcasting must be maintained"

stroying its intrinsic beauty. This year Howard admits he will make more money out of Granada Television, which is making a television serial of Evelyn Waugh's Brideshead Revisited there, than from his BBC work.

The £17,316 a year that he will get at the BBC is in theory for a part-time job, but no chairman has managed to keep it to that in the past and he has no illusions about the working hours in the future. This means perhaps less time for his great passion of music. Friends tell of his spending hours comparing rival recordings of esoteric pieces on his hi-fi system. If he has one personal ambition at the BBC, and an odd one at first sight in these days of rows with the Musician's Union, it is to form a BBC Baroque Orchestra—but not, he insists, "one that would have to be around for another 50 years just because we set it up."

It is clear that George Howard, in some eyes the classic eccentric country gentleman, has no intention of playing second fiddle to any strong Director General at the BBC. In fact the nearest you can get to provoking him to real annoyance seems to be to suggest that he is simply an establishment stop-gap. There is a flicker of irritation in his eyes. "I don't see myself as an establishment figure." A glance at his floral shirt and pink knitted tie somewhat confirms this response. And a lightweight stopgap? "At the end of the day the final power is the chairman and the Board of the BBC. They are the ones who carry the can."

George Howard clearly does not intend carrying any cans for a BBC on too long an administrative rein.

Carter initiative coincides with California campaign

U.S. explores new contacts over Iran hostage crisis

BY DAVID BUCHAN IN CALIFORNIA

THE U.S. *is exploring* new avenues of negotiation with Iran over the fate of the 53 *American diplomats still held* hostage there. President Jimmy Carter said yesterday on his first *major campaign swing* through California.

Answering questions on Independence Day in Merced, Mr. Carter said the State Department had been "in the last few hours" in touch with intermediaries "that I won't name publicly" to resume contacts with Tehran. These had virtually ceased when the U.S. rescue mission failed on April 25.

The hostage deadlock and the administration's attempt to pry Soviet forces out of Afghanistan—including the U.S. grain embargo on Moscow that has angered U.S. farmers—has helped to push Mr. Carter's opinion poll ratings below those of Mr. Ronald Reagan, his likely Republican challenger.

The Presidential Election is on November 4, one year after the hostages were seized and a most awkward anniversary for Mr. Carter if the deadlock with Tehran continues.

The President yesterday offered no public hope that the 53 Americans might be freed soon. Iran was still without a government competent to deal with the problem, he said. The U.S. had virtually no contact with Ayatollah Khomeini, Iran's religious leader.

But, Mr. Carter said U.S. concern with the hostages was "not a sign of weakness"—though many U.S. allies have felt that American stress on the issue was irrational and unbecoming in a super-power.

When a nation of 250m people is obsessed for months with the lives and safety of 53 hostages, it is a sign of greatness, Mr. Carter said yesterday to a cheering audience of 2,000.

Mr. Carter took a tough line on Moscow's actions in Afghanistan—as well he might have on Mr. Reagan's home turf. The U.S. would not resume selling grain to the Soviet Union, except for the 8m tonnes contracted this year by previous Government agreements, Mr. Carter said, until the Soviets pulled 85,000 troops out of Afghanistan.

Speculation that the U.S. grain embargo might be lifted had grown following Soviet purchases from other suppliers. Mr. Carter admitted the Soviets had bought elsewhere, but said they were still 10 to 11m tonnes short, creating a shortage of poultry and cattle feed. However, such pressure, including the U.S. boycott of the Olympic Games, has not apparently changed the Kremlin's stance on Afghanistan, as Chancellor Helmut Schmidt found out in his Moscow talks this week.

Mr. Carter faces acute foreign policy and economic setbacks. The sagging performance of the economy and rising unemployment will be an inevitable drag on his re-election hopes.

But the campaign swing which ended in Florida last night showed Mr. Carter at his tub-thumping best. He used the town meeting format which he successfully exploited until he went into campaign seclusion earlier this year.

Jurek Martin writes from **Washington**: The U.S. is to seek direct clarification from Moscow on the terms on which the Soviet Union is willing to enter negotiations limiting nuclear missile forces based in Europe.

Officials here gave a guarded welcome to the Soviet initiative, the product of the discussions in Moscow between President Leonid Brezhnev and Chancellor Schmidt, and explained in detail here on Wednesday by Herr Hans Dietrich Genscher, German Foreign Minister.

The U.S. agrees with Herr Schmidt that it is significant the Soviet Union is no longer insisting NATO must abandon its theatre nuclear force plan before talks begin. The plan was adopted only last December and was due to start taking effect in 1983.

But there is much greater wariness about Mr. Brezhnev's suggestion that European talks should also embrace U.S. forward-based missile systems, including carrier-based aircraft, U.S. squadrons stationed in Europe and U.S. submarines in European waters.

So far, the U.S. has consistently resisted Soviet attempts to include such weapons systems in any negotiations and, given the current frostiness of Soviet-American relations is definitely not inclined to make such a concession in the near future.

Officials here doubt that Mr. Brezhnev's second overture — that European missile talks could begin, though not end, before the senate ratifies the Strategic Arms Limitation Treaty—is much more than a Soviet acceptance of the obvious.

There is, after all, no chance of the SALT II Treaty being voted on this year, for U.S. political reasons, and next to no chance of its being ratified while Soviet troops are still in Afghanistan. It is noted here that Herr Schmidt apparently failed with his strongly-worded appeal to Mr. Brezhnev to undertake a withdrawal.

Of course, if Mr. Reagan becomes the next U.S. President in 1981, then SALT's prospects look dimmer than ever. He has already said many times on the campaign trail that he would like to send the whole treaty back to Moscow

Talks on DM1bn credit for Poland at crucial stage

BY ROGER BOYES IN BONN

A WEST GERMAN banking consortium is expected to decide in the next two weeks whether it can grant Poland a credit of some DM 1bn (£240m). Bankers and officials made clear yesterday that negotiations between Poland, the Bonn Government and the consortium, led by Dresdner Bank, are at a crucial stage.

Two senior Polish officials — Mr. Stanislaw Dlugosz, Deputy Foreign Trade Minister, and Mr. Martin Krzak, Deputy Finance Minister — had talks with the German Economics Ministry this week about the possible scope of Government guarantees for the proposed credit.

Unease

As far as the Bonn Government is concerned, the ideal solution would be to wrap up the credit agreement before Mr. Edward Gierek, the Polish leader, visits Bonn. This is expected to be later this year.

There are still considerable problems, rooted in general wariness about Poland's heavy debt-servicing requirements. In the present negotiations, this unease comes down to one key question — what level of Government guarantee would satisfy the banks about the risks involved.

The banks' original idea was to put together a DM 1bn general purpose commercial credit, with the Government guaranteeing half the sum. The Government's counter-suggestion was that the banks put up a general purpose DM 1bn credit, unsecured by the Government. But Bonn would guarantee a further DM 500m tied to the exploitation of Poland's coal reserves.

This has the attraction of going some way to meeting Germany's increased coal requirements in the 1980s — the DM 500m would be repaid in extra coal deliveries from 1985.

Limited

Some banks in the consortium appear to be unhappy about this proposal. It will be a sticking point in the negotiations over the next two weeks.

The horse-trading between the parties involved illustrates a central problem for Germany in its dealings with Poland.

It is anxious to strengthen trade links with Poland and other East European countries —particularly at a time of East-West crisis — but it can do only a limited amount to boost business confidence in investing in Poland. Western experts have estimated that Poland's debt-servicing needs last year exceeded £2.35bn.

Thatcher 'no' to RAF plane deal

By Ray Perman, Scottish Correspondent

THE PRIME MINISTER has intervened to prevent the RAF's buying 15 passenger aircraft from the U.S.

The RAF had considered buying Beechcraft Super King Air to replace its fleet of Pembroke and Devon *light passenger aircraft*. It has decided to order Jetstream-31 turbo-props, made by British Aerospace at Prestwick, Ayrshire.

Discussions over the purchase dragged on for several months. Now the long-running debate appears to have ended. The RAF said yesterday: "We have not yet placed an order, but it is our intention to buy British."

Mrs. Thatcher was told of the proposed purchase of U.S. aircraft by Mr. George Younger, the Secretary for Scotland, and decided to instruct the Ministry of Defence to place the order in the UK.

Scottish Ministers, fresh from their triumph in persuading the Government to guarantee the independence of Ferranti, were concerned about the effect the loss of the contract, which could be worth £15m, would have on the Prestwick factory.

British Aerospace employs 1,500 at the Ayrshire plant, a total likely to rise to more than 2,000 in the next few years as a result of the Jetstream

Truck importers step up marketing efforts with low-interest offers

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

COMMERCIAL VEHICLE importers have begun to step up *their marketing* efforts in Britain. At least two are offering low interest rate incentives. The moves come against the background of further lay-offs in the UK industry.

Commercial vehicle registrations have dropped about 20 per cent in May and June from *the same two months last year* in spite of intense price competition between the various manufacturers.

Judging this to be partly due to historically high interest rates in Britain MAN-VW, the jointly-owned West German commercial vehicle concern, has been offering "nought per cent finance" until August 4.

And DAF Trucks, the Dutch group, is offering 8.5 per cent finance on its heavyweight 2300 tractive units until July 12.

This is the first time either importer has used such financial incentives.

Importers already have an advantage over UK-based manufacturers because of the relative value of the pound compared with other currencies.

Only two of the UK producers — Bedford, the General Motors subsidiary, and Dodge, the Peugeot Citroën offshoot — are still working relatively normally.

Leyland Vehicles, BL's commercial vehicles subsidiary, has stopped overtime at its heavy truck plant at Leyland, Lancashire, and on Thursday told 6,000 of its 7,500 employees in the medium-light division plants in Scotland they will work one week on, one week off in mid-August when the summer break ends.

This system will operate for at least one month, affecting the Bathgate plant at West Lothian and the Albion Motors plant in Glasgow.

These factories export about half their output and have suffered because of the erosion of export competitiveness caused by the strength of the pound and high inflation.

The two truck makers based at Sandbach, Cheshire—ERF and Fodens—are both working *a three-day week until after the* holiday break. So is Seddon Atkinson, the International Harvester subsidiary based at Oldham, Lancs.

At Ford's Langley truck plant, 800 employees will lose seven days' work in July and 400 will at least one month, affecting the have also been warned that nine days may be cut from August production.

Continued from Page 1

Interest rate changes

figures due to be announced on Tuesday, would point to a rise in *sterling M3*, the broadly-defined money supply, of comfortably below 1 per cent.

This would be sufficient to bring the increase in the last six months at an annual rate to within the 7 to 11 per cent target range.

Moreover, in a significant broadening of the perspective of monetary policy, the Government has also looked forward. The Bank of England expects that "the underlying demand for credit from the private sector may be beginning to *ease; with increasing evidence* of downturn in the economy."

There remains some anxiety *both* in the City *and* Whitehall about the buoyancy of both public spending and borrowing so far in this financial year.

To date this higher-than-forecast borrowing has been *financed* by large sales of gilt-edged stock. The announcement yesterday of a further *stock*, 12 per cent *Treasury* 1987, is intended to continue this process and provide the authorities with something if they want to influence the market.

The new stock is being offered in a partly-paid form at a minimum tender price of £98 per cent. At this level the running *yield* would be 12.5 and the gross redemption yield 12.87 per cent.

Tenders have to be submitted next Wednesday with £20 per cent payable then, a further *£30 per cent* on *August* 15, and the balance on September 12.

This offer follows *recent heavy sales of* gilt-edged stock. Excluding the latest issue, a total of more than £1.3bn has *already* been committed for the month to mid-July, with more than £1bn in the following month.

These sales are draining cash away from the banking system, which has put severe pressure on the financial position of the banks. Consequently the Bank of England announced a further £900m of help to banks yesterday in order to smooth out these pressures. This is in addition to £700m of temporary help

The new help will again take the form of sale and repurchase facilities on gilt-edged stocks, and will last from July 11 to August 18.

Without this assistance there would have been a sharp rise in very short-term money market interest rates.

THE LEX COLUMN

More fuel for the rally

Somewhere at the back of its collective mind, the gilt-edged market dreams of being able to buy up *tap* stocks faster than the Government Broker can issue them. Yesterday morning two stocks were swallowed up—the short/medium tap and the high taxpayers' issue, both maturing in 1985—to make a score of three in three days, before official honour was satisfied with the announcement of a new issue, £800m of Treasury 12 per cent 1987, the equivalent of a sneaky late goal.

This stock is being offered *on the usual come-on terms, with* only £20 payable on application. The authorities are clearly deter*mined to keep up a hectic rate* of funding if only to counteract the return of unrecorded borrow*ing to the monetary statistics* following the end of the corset; as a result, the money market *will be tight for weeks to come*, which should in itself put a brake on any fall in sterling.

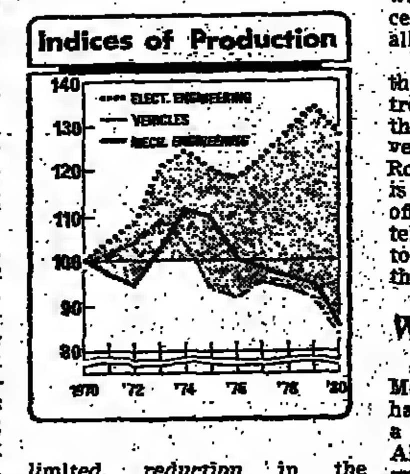
But there is no question of money being too short for further funding to take place, since the authorities seem quite happy to supply unlimited credit to the banking system. The gilt-edged sale-and-repurchase office of the Bank, which will have paid out £1.6bn in eight days, has become the very hub of the financial system, and will deserve a whole chapter to itself next time the Wilson Committee reports.

The authorities do not seem to be worried about charges that they are overfunding, even though it was implicit in the decision to reduce Minimum Lending Rate that bank lending is coming under control—a development which should ultimately reduce the need to sell stock. With public borrowing as high as it is at the moment, and rising as the recession deepens, it should be quite easy to correct too low a rate of money supply growth quickly by stopping funding for a month or two.

While gilt-edged prices have been unusually *firm* — the market closed little changed last night despite the tap sales, a *£300m call on a stock* sold some time ago, and the announcement of a new issue—the equity market has continued its very strong rally. Within the last five weeks, the *FT 30-Share Index* has risen 17.2 per cent, while the All-Share Index, which had previously been a less depressed measure of the market, has come up by 14.5 per cent. Only the very weakest of companies, those which have passed their dividends and are seen to be in some immediate danger, have failed to share in the rise.

The MLR cut does of course promise an immediate, if

Index rose 3.7 to 483.8



limited, reduction in the transfer of cash from industry to the banks, and the equity *market, however cautious may* be the noises emerging from the Bank of England, is looking for *a much steeper fall in the rate* soon. It is perfectly normal for this market to turn well in *advance of the business cycle*. But there is a danger this time that if the recession is prolonged, it may be *discounting* a recovery in profits too far ahead for all but those companies carrying large amounts of floating rate debt which have the most to gain from a steep fall in interest rates.

Vickers

Years of speculation came to an end yesterday with the first formal indication from Vickers of what it expects to receive for its nationalised aerospace and shipbuilding assets. The company has had £31.6m on account so far, and expects that the final payments may fall short of the remaining book value of these assets, which is £36m. Interest accruing since the vesting dates over three years ago will more than make up for the shortfall. Still, total compensation of, perhaps, £70m is a long way short of what Vickers said would be acceptable in its early skirmishes about the terms, and this news is unlikely to set the share price alight.

The fact remains that Vickers' balance sheet will be transformed by this money, together with the proceeds from the sale of its international machines division. Net borrowings represented around three-fifths of shareholders' funds in the last balance sheet, a proportion which could fall to around a fifth after taking in all the cash. But of course Vickers is not planning to stand still. Its proposed bid for Rolls-Royce Motors stands to increase its net assets by over 40 per cent to around £212m, and the borrowings of the new group (including notes and bills payable) would represent about 30 per cent of that figure, again after allowing for compensation.

There is nothing wrong with that as a gearing ratio. The trouble is that both parties to the marriage currently make a very poor return on capital and Rolls—at least for the moment—is gobbling up cash. The formal offer document, published yesterday, may not do all that much to convince waverers that this is the ideal match for Vickers.

Wilkinson Match

Shareholders in Wilkinson Match will probably be only too happy to swap their shares for a reasonable cash offer from Allegheny Ludlum, the U.S. group which already owns 44 per cent of the equity. The bid by British Match for Wilkinson Sword *was conceived and* implemented by management consultants in 1973—and the story has become even more gloomy ever since. It seems reasonable to suggest that an independent *British Match would today have* been worth more than the combined capitalisation of the entire group.

However a general mood of depression—compounded by the way that the shares leapt ahead before Allegheny's announcement on Thursday—should not cloud over the question of price. Allegheny is talking about 168p per share, which is under three fifths of net assets and is pinned on to one year's poor earnings. So it is not doing Wilkinson's shareholders any great favours.

Hay's Wharf

The Kuwait Investment Office's cash offer of 240p per share for the outstanding two thirds of the Proprietors of *Hay's Wharf* represents a premium of nearly 50 per cent on the market price before first news of its approach. It still disappointed the bulls, and the shares fell 11p to 253p yesterday. But the argument is not over by a long way. Hay's Wharf turned down the terms out of hand, and made it clear that it is going to fight a battle based on asset values.

Net worth in its last accounts was 196p per share, with properties included mainly on a 1978 valuation. Up-to-date figures should get net worth much closer to the offer price, and if an imminent decision on planning permission for the Tooley Street Estate goes the right way, the Kuwait offer could look positively tight-fisted. Shareholders can sit back and wait.

Weather

UK TODAY

SUNNY INTERVALS and showers in most districts. Temperatures near, or a little below, normal.

London, E., S.E., C.S. England, E., W. Midlands, E. Anglia

Mostly dry but isolated showers. Sunny periods. Max. 21C (70F).

C.N., N.E., E. England, E. Anglia

Scattered showers dying out; *sunny intervals*. *Max. 21C* (70F).

S.W. England, S. Wales

Mostly dry; sunny periods. Max. 20C (68F).

Outlook: Cool with sunny intervals and showers

WORLDWIDE

		midday °C	midday °F			Y'day °C	Y'day °F
Ajaccio	S	22	72	L. Pima.	S	25	77
Algiers	S	26	79	Lisbon	S	24	75
Amsdm.	R	15	59	Locarno	F	24	75
Athens	S	29	84	London	C	17	63
Barclna.	F	23	73	Luxmbg.	R	14	57
Beirut	S	28	82	Luxor	S	42	108
Belgrd.	C	19	66	Madrid	S	30	86
Berlin	F	14	64	Majorca	S	25	77
Belfast	C	13	55	Malaga	S	25	77
Biarritz	S	21	70	Mchstr.	C	14	57
Brghtn	R	12	51	Milan	S	28	79
Blackpl.	S	16	61	Moscow	F	22	72
Bordx.	F	22	72	Munich	F	15	59
Boulgn.	C	14	57	Naples	F	25	77
Bristol	C	15	59	Nwcstl.	C	18	64
Brussels	C	17	63	Nice	S	22	72
Budpst.	R	12	61	Oporto	S	18	66
Cardiff	C	15	59	Oslo	F	23	73
Casbca.	S	24	75	Paris	F	21	70
Cpnhgn.	S	21	70	Prague	C	15	59
Corfu	S	22	72	Reykjvk.	C	11	52
Dublin	C	15	59	Rhodes	S	26	79
Dbrvnk.	C	20	68	Rome	S	25	77
Ednbgh.	C	15	59	Salzbrg.	F	16	61
Faro	S	25	77	Stckhm	S	21	70
Florence	S	26	79	Strasbg.	C	19	66
Frankft	F	18	64	Tangier	S	24	75
Funchal	S	23	73	Tel Aviv	S	28	82
Genova	C	17	63	Tenerife	S	24	75
Gibrltr.	S	25	77	Tunis	S	28	82
Glasgow	R	13	55	Valencia	F	27	81
G'nsey	C	15	59	Venice	S	22	72
Helsinki	C	15	51	Vienna	F	19	66
Innsbrk.	F	16	61	Warsaw	C	16	61
Invrnss.	F	17	63	Zurich	C	17	63
Istanbul	S	27	81				
Jersey	C	16	61				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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V G H